

A COMPARATIVE STUDY
OF THE BUSINESS ACTIVITY
OF THE MALAYS AND CHINESE IN SARAWAK,
EAST MALAYSIA

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by

Morni Kambrie

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This research is dedicated

to my wife, Fatimah

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ABSTRACT

When the Malaysian Prime Minister announced throughout the country in November, 1989, that the New Economic Policy, which had been aimed at encouraging the *Bumiputras* of Malaysia divulge into business, had only achieved 19.4 percent success rate, few were surprised. This was because it had been known over the two decades of the New Economic Policy that the Malays had achieved little impact in the local entrepreneurial scene. What was surprising, was that no one questioned why the NEP had achieved so little, as compared to the hundreds of millions of Malaysian dollars which had been allocated for the purpose of helping them become more entrepreneurial.

It is the view of this researcher that the Malaysian government and publics still have not achieved the expected 30 percent NEP objective of Malay participation because the main issue at the heart of the matter, that is the fact that little is known about the characteristics of the Malays who have become entrepreneurs overnight, is not fully understood.

This research, even though only focussing on Sarawak, is meant to act as the springboard for future research into understanding Malay entrepreneurial attributes and what more better way to do that other than by comparing them with the Chinese entrepreneurs in the state, whose successes in business have enabled them to dominate the state economy.

Comparison of the business activity of the two races is the prime focus of this research and it is hoped that the results of this study will be useful for future policy makers as well as the entrepreneurial development programmes they design. Failure to do this will result in more wastage in the resources and manpower employed, largely because

of duplication of the activities such as seminars, workshops and entrepreneurial courses which everybody seems to be organising but where nobody seems to be keeping record of who is organising what courses, who has attended what courses, who is or is not eligible to attend, or more importantly, even who can achieve the most benefit from what is being provided.

This research reveals the similarities as well as the differences between the Malay and Chinese entrepreneurs in the study. These attributes are compared and analysed statistically to see whether certain characteristics (variables) for the two groups are positively or negatively correlated, and if so, how strong the correlation is. The analyses from the study is then compared to earlier studies which have all been done for the Malays and Chinese in Peninsular Malaysia. It is pertinent to note at this point that no study of this kind has ever been undertaken for Sarawak and this study happens to be the first.

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CHAPTER ONE

INTRODUCTION

CHAPTER ONE

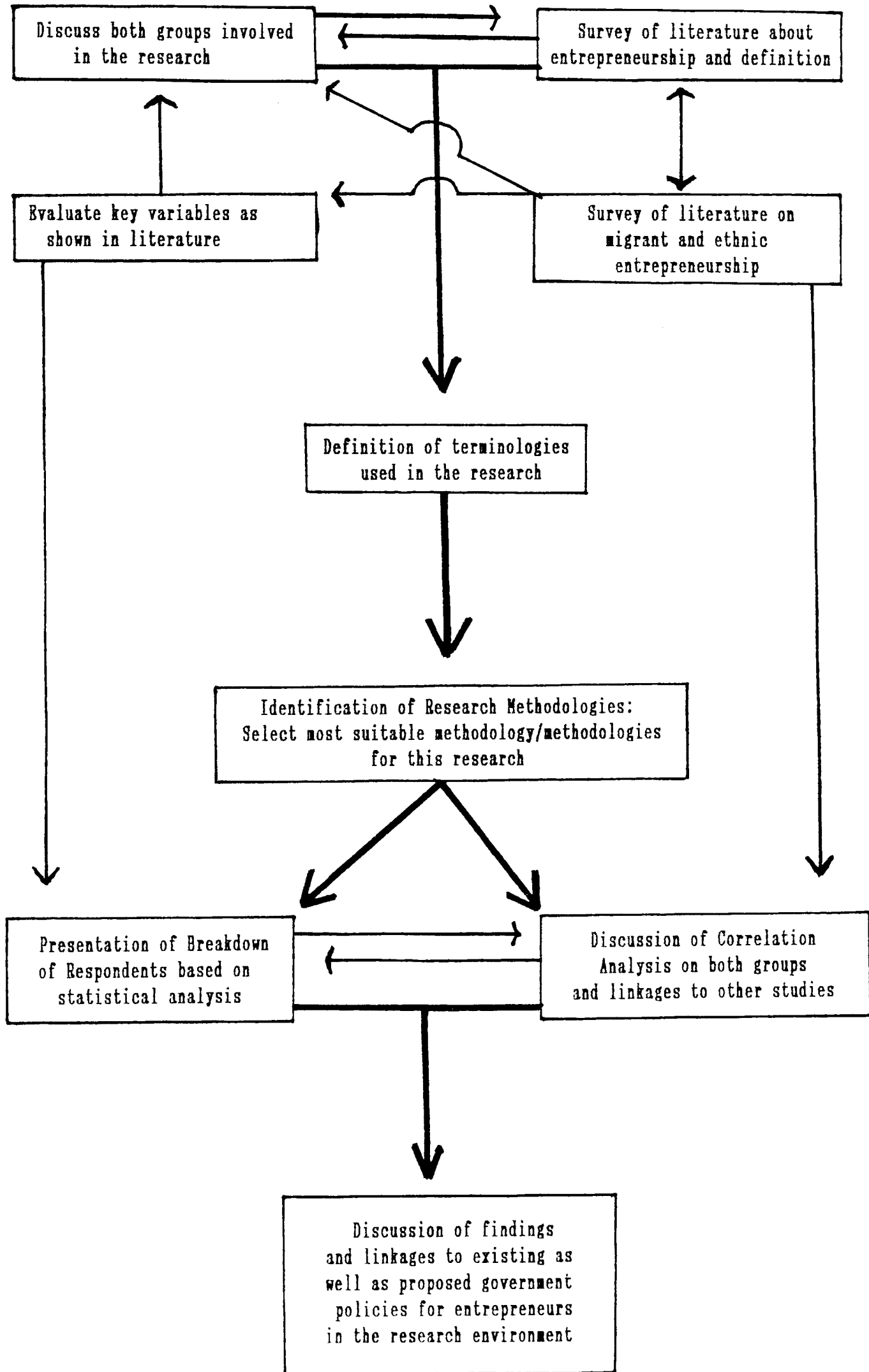
1.1 INTRODUCTION

This research studies the issues related to two different racial groups of people and their business activity within the context of small business, viz., the Chinese and the Malays, in the State of Sarawak, East Malaysia. It is an attempt to discover the various differences in the attributes and factors which may influence the entrepreneurs in these two races in the conduct of their business activity, and how these behaviours are linked to other factors such as kinship, business aspirations, status of the their families when they were young and many others. The research is broken down into five different but inter-related areas, viz;

1. explaining the research area in general and the two groups of entrepreneurs who constitute the respondents,
2. reviewing the literature on definitions of the term "entrepreneur" and "entrepreneurship" as it applies both to the two groups in the study and the environment in which they conduct their business activity,
3. reviewing the literature on the issues of migrant and ethnic entrepreneurs in selected parts of the world,
4. the research body,
5. a discussion on the findings.

A model of the overall layout of the research is shown in Figure 1.1 on the following page.

FIGURE 1.1: MODEL OF THIS RESEARCH



A list of the key variables used in the conduct of this study can be found in the introductory paragraph of Chapter Two. The extent of this research only covers small business entrepreneurs among the Malays and Chinese in the whole of Sarawak. A working definition on the terminologies used, such as who fit the description "entrepreneur" or what is meant by the term "small business" and other terms used are also explained in Chapter Two.

The performance and eventual financial success of any small business entrepreneur is a function of many complex and interrelated variables. It is impossible to point to one or two key factors that may have caused either the success or failure of a single entrepreneur, or even the entrepreneurial behaviour that determines his business activity. Likewise, it is impossible to isolate variables which might guarantee him entrepreneurial success. Currently, only intuition and subjective judgement is being used by theorists, academics and policy planners in government to evaluate the entrepreneurial potential of aspiring businessmen in the country.

In an effort to uncover "predictors" of business activity which can lead to an entrepreneur becoming successful, researchers have, over the years, investigated personality variables, achievement motivation, cultural and familial support, and other similar factors. By selecting a set of factors and comparing them between two groups of entrepreneurs, this research goes one step further in attempting to add to the whole body of knowledge on entrepreneurship in Sarawak which at present is scarce, if not non-existent. Consequently, the findings of earlier studies, including the models and theories they have produced have been used to draw up a framework upon which the

entrepreneurial profile of the Malay and Chinese entrepreneurs are forthwith studied.

Characteristics that make up the business activity of the two groups are studied in detail. These particular characteristics will not be the ones that are reflective of entrepreneurs who work in big businesses, where the company, even though the majority of shares may be owned by a single individual or a family, is managed by paid professionals and employees of varying academic background and other experiences and when such companies may perhaps even be listed on the Stock Exchange.

1.2 DEFINITION OF THE AREA OF RESEARCH

The area of research that this study focuses on, thus, is the entrepreneur who indulges in small business, the term small being specifically defined and looked at from various angles to suit the activities of the entrepreneurs and the level of the state's economy.

There are numerous ways of defining a small-business concern, as many as there are ways to describe the entrepreneur himself.

This research was originally meant to be titled "Comparison between *Bumiputra*¹ and Chinese Entrepreneurs in Malaysian Small Business; An Empirical Research into the business and trade activities of the various racial groups in the State of Sarawak."

¹The term *Bumiputra* literally means "Sons of the Soil" or natives. There are 28 known tribes and indigeneous groups in Sarawak, as mentioned in the Malaysian Constitution of 1963 (article 161A (?)).

However, after a pilot study² undertaken on the field in Sarawak, between January and May 1988, it was discovered that the title would encompass too vast an area because Sarawak has 28 different ethnic races grouped in the term *Bumiputra*. As an illustration of this, in Article 161A (7) of the Constitution of Malaysia of 1963, natives of Sarawak are defined as: "Bukitans, Bisayahs, Dusuns, Sea Dayak, Land Dayak (now known as Dayak and Bidayuh), Kedayan, Kelabit, Kayans, Kenyahs (including Sabups and Sipengs), Kajangs (including Sekapans, Kejamans, Lahanans, Punans, Tanjongs and Kanowits), Lugats, Lisums, Malays, Melanaus, Muruts, Penans, Sians, Tagals, Tabuns and Ukits".

The research was later narrowed down to its present scope, that is only comparing the business activity of the Malay and Chinese because of two reasons, viz.,

- a. too many groups and tribes comprising the term "*Bumiputra*", and
- b. the fact that the Malays are the most numerous in commerce and trade after the Chinese.

Figuratively speaking, like Peninsular Malaysia, the Chinese dominate commerce and industry in Sarawak, even though they only make up about 30 percent of the population. For the *Bumiputras*, the Malays are most in number involved in business after the Chinese. The main reason which has contributed to this is the fact that the Malays have for generations settled in villages and their settlements tend to be located on the fringes of the major towns. The serene and peaceful attraction of village lifestyle dominated their way of life for a long time. This trend of keeping to themselves and being contented with

²Detail on the pilot study and how it was undertaken is mentioned in Chapter Five.

village life remained with the Malays until the present day, when realisation of the importance of academic as well as economic improvements for their future has broken this village life tradition.

1.3 BACKGROUND TO THE RESEARCH

Prior to 1970, almost the whole of the Malaysian economy was dominated by the Malaysian Chinese community and foreign owned interests, including that for the State of Sarawak. The Malays and other *Bumiputras* only held about 5 per cent of the economic wealth of the nation. This led to discontentment among the *Bumiputras* which culminated in the race riots of May 13th 1969³.

The May 13th incident erupted in Peninsular Malaysia in the aftermath of the 1969 general elections. Although the riots involved only the Malays and the Chinese in Peninsular Malaysia, no untoward incident of any sort happened in Sarawak. This does not necessarily indicate that hostility did not exist between the Malays and Chinese in Sarawak and that there was peace throughout. Minor incidences involving mostly youths of the different races have occurred time and again over the years but have been mostly minor incidences and were no cause for alarm for the authorities.

The absence of any racial skirmish in Sarawak on the scale of that which happened in Peninsular Malaysia was largely caused by the fact that the Malays (and other *Bumiputras*) in the country were contented and satisfied with what they had, including the existing

³See : Abdul Rahman, Tengku (1969), *May 13, Before and After*
(Kuala Lumpur: Utusan Melayu Press)

level of race relations. They did not have any fear of losing any political power to the Chinese because prior to the 1969 elections, the Chief Minister of Sarawak had been a non-Malay after all, unlike in Peninsular Malaysia, where since independence, the Malays always had political supremacy over the other races. The 1969 election results changed the balance of power in favour of the Chinese and the Malays in Peninsular Malaysia saw this shift in power to the hands of the Chinese as threatening. The Chinese there had rallied behind opposition parties and gained inroads into three states, namely Selangor, Perak and Penang. Perhaps the loss of Penang to the Chinese did not worry the Malays too much since Penang had been in the control of foreign hands since Sir Francis Light took charge of the administration of the island from the Sultan of Kedah in 1876 but the loss of Perak and Selangor was seen as the biggest blow to the Malays because they had already lost economic power to the Chinese in the whole of Malaysia and now they were also going to lose political power as well.

As a result of the riots, Parliament was suspended and the National Operations Council⁴ was set up to take over administration of the whole of Malaysia, including the suspension of elections then still in progress in Sarawak⁵. This was to last for two years, during which time the New Economic Policy (NEP) was introduced, by which the government attempts to correct the economic imbalance between the Chinese and the *Bumiputras* by giving the *Bumiputras* protection and

⁴National Operations Council; *The May 13 Tragedy: A Report*, Kuala Lumpur, October 1969.

⁵Elections in Sarawak in those days used to take up to one whole month because of the difficult terrain and communications between the areas, where roads were inadequate and river transport was only the means available.

assistance so as to encourage them to participate in all sectors of business activities successfully.

1.4 THE NEW ECONOMIC POLICY: ACHIEVEMENTS TO DATE

In the later months of 1969 and for much of 1970, the leaders of all the communities in Malaysia in the federal government arrived at a consensus and decided that Malaysia should put a stop to racially instigated conflicts such as that happened on 13th May 1969. One way of achieving this was to improve the economic position of the *Bumiputras*. The economic backwardness of the *Bumiputras* was seen as the root cause of the riot and the government decided that the economic wealth of the country be redistributed so that all races could participate in the economic activities and trade with one another. Thus, the New Economic Policy came into being with a two prong objective, viz:

- a. to reduce and eventually eradicate poverty, by raising income levels and increasing opportunities for all Malaysians, regardless of race and ethnic origins, and,
- b. accelerating the process of restructuring Malaysian society to correct economic imbalance so as to reduce and eventually eliminate the identification of race with economic function.

The NEP was enshrined in the Second Malaysia Plan (1970-1975) and the policy in fact stipulated that the *Bumiputras* should eventually own and are involved in 30% of the economy, the Chinese 40% and the others (including Indians and foreigners) owning the rest of the economic cake by 1990.

The years following the launch of the NEP were marked by the emergence of Malay entrepreneurs all over the country. Various governmental assistances and schemes were launched aimed at full achievement of the NEP goals. For so many years following the launch of the NEP, there was a flurry of activities both in the public and private sectors. Both academic and technical institutions and colleges were built, mainly in collaboration with the *Majlis Amanah Rakyat* (MARA)⁶. During the same period, the MARA Institute of Technology grew from a small college with an enrolment of 250 students (1969) to a sprawling 250 acre site campus in 1975, with an enrolment of over 10,000 students⁷.

During the same time, commercial banks and finance companies were established such as Bank Bumiputra Malaysia Berhad, the Kewangan Malaysia Berhad, Bank Pertanian (Agricultural Bank) and a host of other financial institutions. In the field of agriculture, the government started to distribute fertiliser and other subsidies through the *Rancangan Buku Hijau* or Green Book Plan, whereby efforts were made in reducing poverty especially among farmers, which government statistics showed to be the poorest people in the land at the time.

Various statutory bodies were also set up; in fact almost one for every sector, such as the *Majuikan* (Fisheries Development and Marketing Authority); FELDA (Federal Land Development Authority); FELCRA (Federal Land Consolidation and Redevelopment Authority); FAMA

⁶MARA means *Council of Trust for the Indigenous People* and was in fact formed in March 1966.

⁷At present, ITM, as the Institute is called in Malaysia, has ten branch campuses all over Malaysia, (including one in the Sarawak State capital, Kuching) with a total enrolment of over 30,000 students.

(Federal Agricultural Marketing Authority); UDA (Urban Development Authority); LCDA (Land Custody and Development Authority) and many others including State Economic Development Corporations for every one of the States in Malaysia.

The government hoped that by the end of this year (1990), the year the NEP is to end, the *Bumiputras* would have owned and are heavily involved in the management of at least 30 per cent of the economic wealth of the nation; that the Chinese will own 40 per cent of the national economic wealth, and the Indian community and other foreign owned interests and nationals will share the balance⁸.

The year 1990 has now arrived and the result of the twenty years of NEP is nervously awaited by all Malaysians. In quantitative terms, beside achieving 30 percent share of the economic wealth of the nation, the year 1990 calls for a drastic improvement in the general standard of living and as mentioned above, for at least 30% ownership by the *Bumiputras* in all sectors of the economy. The latest estimated statistics⁹ show the likelihood that the NEP target of 30 percent *Bumiputra* achievement in business and asset ownership is not achievable even up to the turn of the century.

⁸These figures were agreed upon by all parties, including representatives from the Chinese who were in the government at that time, and are written in the Second Malaysia Plan (SMP) pp 41 - 42 para 135. Second Malaysia Plan 1971 - 1975

⁹Previously, all figures relating to the results of the the NEP are based on estimates as mentioned in the newspapers from time to time because the actual statistics have been classified as government secret. This policy of keeping the figures secret has been one way the government tried to prevent speculation by parties who might harp on the issues and thus cause tension among the races. Lately politicians have been more open and the latest figures on the achievement of the NEP hve been made available to the public.

Because of this, the leaders of all races are always anxious and on the alert, mostly because of the following:

1. Malay leaders have time and again made propositions (mostly by sending feelers) through the media that the Malays are still too far behind the Chinese in business enterprises and that they have also not achieved the desired goals of the NEP, and these politicians are constantly being pressured by the masses, especially the youth wings in the Malay political parties, to extend the deadline for the achievement of these goals, especially the 30 percent *Bumiputra* ownership of the economic cake of the country. The newspaper clippings in Appendix 7 show some of the arguments and counter arguments on this as well as related issues.
2. The leaders of Chinese political parties have been unhappy with the way the NEP had been carried out, because they claim that had the NEP been implemented with more seriousness, the achievement of the Malays could have been greater than what it is now and there would not have been any necessity for further extension of the NEP or for any other similar or alternative policies to take its place.
3. The Chinese business community have been particularly unhappy about the way Malay business participation is given priority, and they claim that they have been very "generous" and accomodating to give the chance for the Malay entrepreneurs to establish themselves during the NEP years.

The Prime Minister, Dr. Mahathir Mohammed announced to the nation on Saturday, 11 November 1989 that the Malays had only achieved 19.4 percent out of the 30 percent intended under the NEP. The Chinese

and Indians own 56 percent of the total wealth of the country and foreigners own 24.6 percent¹⁰.

The government had been under strong pressure from the Malay masses to continue the NEP further for a long time, especially by certain factions in the *Bumiputra* based political parties, notably the UMNO, the backbone to Malaysia's government. While mindful of the feelings of the Chinese who have time and again aired their dissatisfaction, the government decided to replace the NEP with another policy, but this time, the proposed policy would be worked out by members of all races and by people of all backgrounds, not only by politicians, like what happened with the NEP. As a result of this, and in anticipation of the failure to achieve the NEP objective of 30 percent *Bumiputra* ownership in the country's wealth, the National Economic Consultative Council was set up and officially inaugurated on 19 January 1989.

1.5 POST NEP: THE NATIONAL ECONOMIC CONSULTATIVE COUNCIL(NECC)¹¹

The National Economic Consultative Council, unlike its predecessor, the NEP, is drawn up by a panel of 150 members, with representation from 75 *Bumiputras* and the other 75 comprising the non-*Bumiputras*. The members of the NECC comprise bankers and farmers, politicians and unionists, academics and businessmen, and even priests. At the time of writing up this thesis, the Council had met a number of times but no details of what is being decided on the likely

¹⁰ "1990 Economic Target: 30 pc Equity for Bumis Not Possible", Prime Minister's statement; The Borneo Post, 12.11.1989. This statement was also published in newspapers throughout the country and broadcast on television and radio.

¹¹ See Appendix 1 and Appendix 2.

structure of the post-NEP policy has been made available to members of the public. Already, the Democratic Action Party (DAP), the strongest opposition party in Malaysia and largely Chinese dominated, has pulled out of the Council twice, citing various reasons (see Appendix 7).

It is thus most unfortunate that the results of the NECC will not be in time for inclusion in this thesis. It would otherwise have suited the structure of the research and the issue in question, because the NECC, much like its predecessor, the NEP, are meant to resolve the question of Malay participation in business activity, the very issue at the heart of this research.

1.6 ETHNICITY OF THE MALAYS AND CHINESE OF SARAWAK:
AN ASSESSMENT OF THEIR ORIGINS AND RACIAL CHARACTERISTICS

1.6.1 The Sarawak Chinese

From their humble beginnings as traders and later, as immigrants, the Chinese have become the most visible part of the urban scene in Sarawak. To imagine the city¹² and towns in the country without the Chinese would be rather impossible because they dominate the business sector. In spite of the government's efforts to encourage the other races to take active part in business and commerce, it is still not unusual to find rows and rows of shophouses where every single shop would be Chinese owned.

The Chinese differ greatly from the Malays in language, religious inclination, cultural preferences and traditions including their eating habits and celebrations. The Malays are mostly Muslims

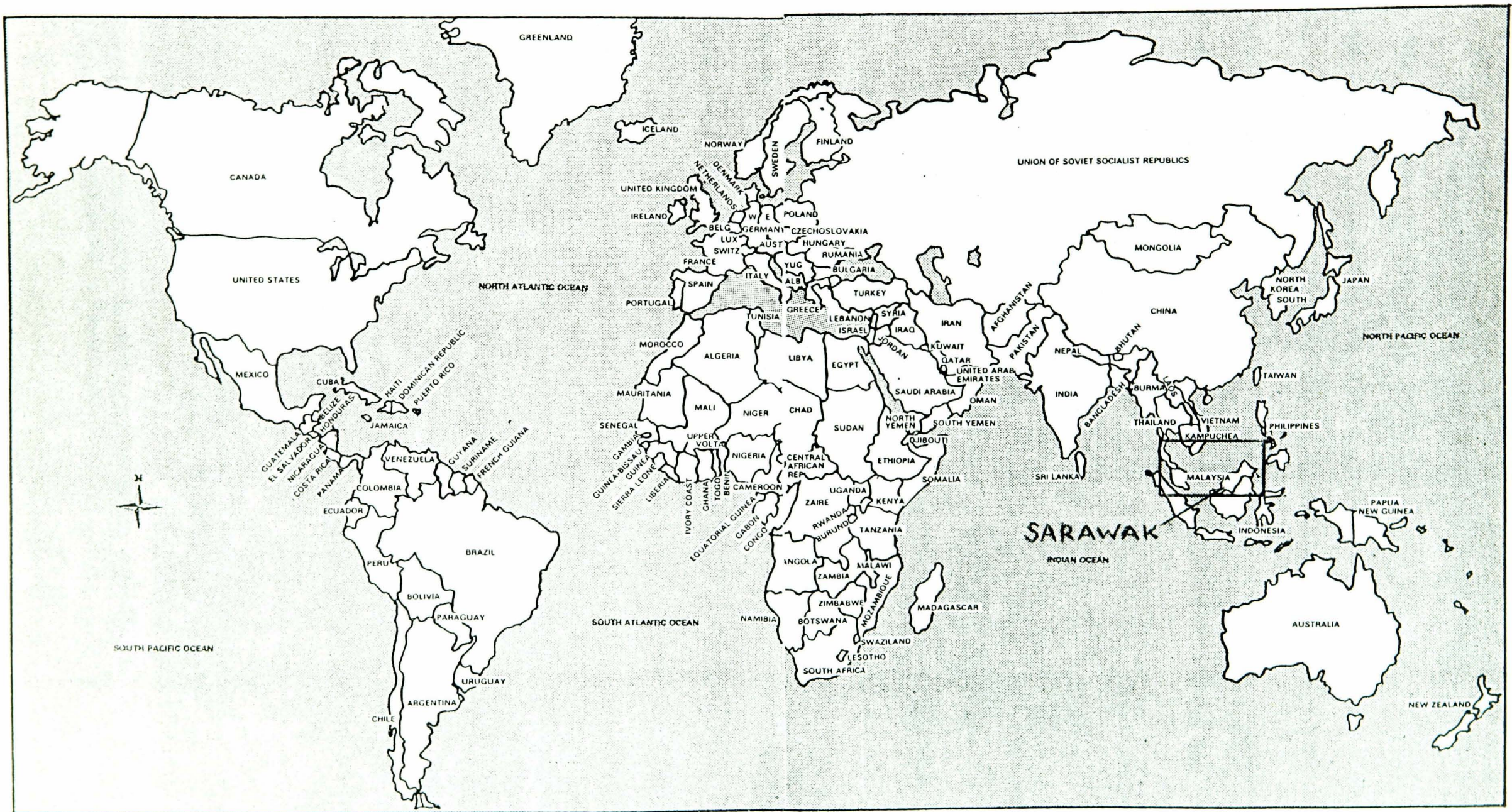
¹²The City of Kuching is the only city in Sarawak, having attained city status in August, 1988.

and their dialects are relatively similar, the only observable difference mainly in their regional slang and pronunciation. The Chinese, on the other hand, having many different clans, speak a variety of dialects, some of which are very different from each other. Most of the Sarawak Chinese are Buddhists while there are pockets of Taoists, and the younger generation tend to incline towards Christianity. Regardless of their religion, all Chinese celebrate numerous Chinese traditions, many of which are associated to ancestral and deity worship. The Chinese New Year is the most celebrated of all celebrations. The culture of the Chinese is highly centred around cohesion of which the family comes first, followed by the group, especially the clan to which one dialect belongs.

It is not practically clear when the Chinese first arrived in Sarawak. Some light on this has been shed by Mende when he recorded in his book *Southeast Asia Between Two Worlds* that,

"The Chinese, now over a quarter million strong in Borneo, were among the first conquerors of the island. According to Chinese Annals, Borneo's north-east coast was paying tribute to their empire as early as seventh century. Later documents speak of Chinese colonization of Borneo in the fifteenth century. The island's flourishing condition in the sixteenth and seventeenth centuries, before the appearance of the Portuguese on the scene, was largely due to the energy and industry of Chinese settlers".¹³

¹³Mende, Tibor; *Southeast Asia Between Two Worlds*, Turnstile Press, London: 1955, p. 53.



MAP 1 : LOCATION OF SARAWAK ON THE WORLD MAP

11

The history of the Sarawak Chinese is best documented in the book *The Sarawak Chinese* by John M. Chin¹⁴. Chin's work traces the presence of the Chinese in Sarawak through a) the arrival of Chinese through what is now known as Kalimantan Indonesia (through the towns of Sambas and Pemangkat) and b) the direct arrival of the Chinese from the southern provinces of China by sea (see Map 3 in Chapter 4).

The former group of Chinese had actually migrated to Sarawak in order to escape from persecution by the Sultans of Sambas¹⁵ from the mid-1800's to the early 1900's. The supremacy of the Sambas sultans had been threatened by the growing economic strength of the Chinese who were using their economic wealth to gain favours and privileges from rivals of the court. As a result, thousands of Chinese migrated and settled in the Bau area of Kuching Division. These early settlers were the ones who were responsible for opening up the Bau gold mine for the economy of Sarawak under the then James Brooke's¹⁶ administration as well as for the cultivation of pepper and other cash crops.

By the time the Kalimantan immigrant group had settled, the latter group of Chinese were beginning to arrive by sea, most of them for recruitment as labourers in the plantations and some were later to work as miners for minerals such as antimony, bauxite and some coal deposits which were found throughout the state.

¹⁴Chin, John M.: *The Sarawak Chinese*, Kuala Lumpur: Oxford University Press, 1981.

¹⁵The town of Sambas is located on the western coast of Kalimantan Indonesia. See Map 3 in Chapter 4.

¹⁶Sir James Brooke was the first of the white Rajahs of Sarawak. A detailed account of this is found in Section 4.3 in Chapter Four.

The majority of the Sarawak Chinese came from the provinces of Southern China, such as Kiangsu, Kwangtung and Fookien and the Foochow District. There have been conflicting reasons given as to why the early Chinese migrated abroad but a study of the history of Chinese mass migration points to the fact that these migrants were either being persecuted themselves¹⁷ by the lords and barons of their homelands for various reasons including failing to pay heavy taxes on the land they toil as well as their harvest, or they were forced to migrate simply because of "the difficult economic conditions prevailing in their homelands at the time"¹⁸.

Whatever the causes of emigration were, the Chinese have reaped the rewards of their adventures and perseverance over the years, to the point of becoming the dominant race in the ownership of the economy of the country they settle in. There is no denying the fact that they have achieved what they now own because they worked for it, out of their own efforts and labour. It is in recognition of the hard work and effort put in their achievement that they are displeased with such policies as Malaysia's New Economic Policy, which aims to reduce the gap between the races in the economic wealth of the country because many Chinese will definitely be displaced and be deprived by the policy, so as to make way for the Malays and the other *Bumiputras*.

¹⁷Ling, Pyau; *Causes of Chinese Emigration*, The Annals, (January 1912), pp.79-80.

¹⁸1. Ta Chen; *Emigrant Communities in South China*, New York: Institute of Pacific Relations, 1940, and,
2. Barnett, Patricia, G.; *The Chinese in Southeast Asia and the Philippines*, The Annals, (March 1943), p. 32.

It is imperative that a study of the Malay entrepreneurs be made based on a comparison with the Chinese because of the success of the Chinese particularly in the business sector and, generally, in securing the economy of the country. Nobody can really pinpoint the exact reasons why the Chinese have been successful, so much so that they dominate the economy altogether. One researcher, Williams Lea, being a Chinese himself, in a study on the overseas Chinese concluded that no one reason can be claimed as paramount in explaining the Chinese entrepreneurial supremacy, other than that they "work very hard". Lea goes on to say,

"The chief resource of the overseas people, their energy, is a most unwieldy subject to discuss. Simple and final explanations for overseas Chinese drive are not to be found. Nobody denies that the Chinese of Southeast Asia are the outstandingly industrious and productive people there, but there has been no full analysis of the reasons for this behaviour. Perhaps there can never be"¹⁹.

1.6.2 The Sarawak Malays

Like the Chinese, there have also been conflicting reports as to who the Sarawak Malays are and where they come from. The most widely accepted theory is that by Hugh Low who wrote in his book on the people of Sarawak in 1853 and observed that the Malays in Sarawak

¹⁹Williams, Lea, E.: *The Future of the Overseas Chinese in Southeast Asia*, New York: McGraw-Hill, 1966 p. 25.

in fact were from Brunei²⁰. Hugh records that the first real Malay settlement in Sarawak was set up in the Saribas and Kalaka areas of the Simanggang Division and the inhabitants of these villages spoke a kind of Malay language similar to the Malay spoken at that time by the people of Brunei.

The Malaysian Constitution of Malaysia defines a Malay as "*a person who professes the Muslim religion, habitually speaks the Malay language and conforms to Malay customs*"²¹. Another work on Sarawak by Ratnam and Milne provided evidence that this definition have created confusion over the years as other Sarawakians of other ethnic origins can claim themselves to be Malays when he wrote,

*"Religious differences were so decisive that in some instances they resulted in actual switches in racial categories. Many of the "Malays" in Sarawak were actually originally Melanaus or Land Dayaks. But when they were converted to Islam they began to describe themselves as "Malays", and this was how they came to be listed in the (1970) census"*²².

Historically speaking, the Sarawak Malays have nothing at all in common with the Malays in Peninsular Malaysia. Their forefathers having been identified as originating from Brunei, this brings the origin of their ancestors as being from the Sulu Islands of the

²⁰Low, Hugh; *Sarawak; Its Inhabitants and Productions: being Notes during a Residence in that Country with H.H.The Rajah Brooke*, London, Bentley, 1853.

²¹Article 160 (2), *The Malaysian Constitution*, Kuala Lumpur, 1963.

²²Ratnam, K.J. and Milne, R.S.; *Malaysia - New States in a New Nation: Political Development of Sarawak and Sabah in Malaysia*, London: Frank Cass, 1974, p.7.

Philippines, because the migration of natives and other indigeneous peoples from the Sulu islands to Brunei over the centuries is recorded in the annals, and Hugh Low makes mention of this in his work.

To say that the Malays are purely village dwellers and not entrepreneurial is not in itself true, because in his book, Hugh Low noted that, in areas where the Chinese trader was not to be found, the Malays did what trade they could do, when he said;

*'Their taste for the pursuits of trade is quite a passion, and during all their early life they look steadily and anxiously forward to the time when they shall be able to indulge it with profit to themselves. It is from this principle being so rooted in their natures, that the kings and princes have been found, in all periods of their history, to be the greatest merchants in their state.....'*²³

However, early business activity of the Malays were never permanent and, when later the Chinese traders arrived in their wooden junks bringing with them various trade goods ranging from luxury items such as silk and porcelain to the basic necessities like salt and preserved foods, the notable few Malays who had been trading would soon cease to do so leaving the Chinese to take over the vacuum created by the Malay trader without any competition.

During the large part of the Brooke rule in Sarawak, the Malays lived as subsistence farmers, growing rice and vegetables in villages that are found outside the towns and along the river banks of

²³Hugh Low; *op.cit.*

the country. Land was abundant and there was plenty of food for everybody. Those Malays who had settled along the banks of the rivers close to the open sea would become fishermen. Even until today, the Malay fishermen of Beladin and Pusa, two Malay settlements in the Saribas District are the best fishermen in Sarawak, and the way they associate themselves along familial and kinship ties has much semblance to the Chinese. The Malays of Beladin and Pusa have even been aptly called "The Malay Foochows", based on the Foochow clan of the Chinese who are found in great numbers in the Sibu Division.

Unlike the Malays in Peninsular Malaysia whose society was politically feudal, governed largely by nobility, the Sarawak Malays did not have sultans or royalty who would levy taxes on them and force them into doing chores for the royal families.

Nevertheless, there was, and still is until today, a group of Malays in Sarawak whose descendants were from the nobility or upper class who have played important roles in bringing the Malays into the mainstream of state administration since the rule of the Brooke Rajahs, only that they did not have sultans and rulers from amongst them. This group, known as the "Perabangan" have commanded respect from the rest of the Malay population from time immemorial up to the present. The Brooke rajahs referred to the "Perabangan" for matters relating to the Malay customs, traditions and their religion, which has always been Islam, and this elite class would have access to the corridors of power during the Brooke administration. Members of the "Perabangan" are still to be found to be successful both economically and politically, even to this day.

The mentality of the Malays prior to NEP largely rested on being contented with what they could earn. Material excesses were considered taboo and against their Islamic religion. The younger Malays cherished to see the day when they would have what they would refer as the "ideal" sort of life, where satisfaction would be achieved once he could get hold of a "secure" job with a steady income. Because of this, the Malays resorted to working with the government, whatever the job was, as long as it was "secure". They always regarded the challenges of business and entrepreneurship as the domain of the Chinese and only few would dare to venture and take the risks associated with it. This can be seen by the very few number of Malays involved in this study who have run their business for periods longer than 20 years (See Table 6.6 in Chapter Six).

1.7 PRELUDE TO OTHER CHAPTERS

Chapters Two and Three present a review of the literature on the subject of entrepreneurship and the characteristics of entrepreneurs, as well as on the question of migrant entrepreneurship and about the Overseas Chinese entrepreneurs in some selected countries. Chapter Two will also provide the working definition for the terminologies used in this research, such definitions which have been used in the formulation of the overall research plan.

Chapter Four presents Sarawak, the country, as the backdrop to the business activity of these two groups. This chapter will highlight the country's economic strengths, its geography, the population characteristics as well as the government of the day. It also highlights the two key areas of state involvement in providing businesses for small entrepreneurs, the Sarawak Economic Development

Corporation and land development.

Chapter Five presents the methodology of the research plan; how the research was carried out, the variables used in the comparisons and how the statistical work is formulated to suit the variables. This chapter will also detail out how the field work was conducted in Sarawak, including how the Malay and Chinese respondent populations for the distribution of the questionnaires was arrived at. This chapter will also highlight the advantages and disadvantages of the choice of the methodology selected, and also the impending statistical package used for the analysis of data. The design of the questionnaire and the selection of variables is also highlighted in this chapter. Finally, this chapter outlines the limitations faced in the overall conduct of this research.

Chapter Six concentrates on the frequency breakdown of statistical results obtained from the statistical computing done on the returned questionnaires. An analysis of the comparison between the two races is made and this chapter extends into Chapter Seven, which presents the results of the comparative analyses on correlation between the variables, also based on statistical computations.

The final chapter, that is Chapter Eight, concludes the results of the findings of Chapters Six and Seven, and provides the conclusion for the whole thesis. A discussion has been included on the key findings of this research and the chapter also presents suggestions and recommendations for further research in the area of small business and entrepreneurship in Sarawak. A discussion on the major limitations which can inhibit the smooth conduct of further research precedes the suggestions and recommendations.

CHAPTER TWO

ENTREPRENEURS AND

ENTREPRENEURSHIP: A REVIEW OF

THE LITERATURE

CHAPTER TWO

ENTREPRENEURS AND ENTREPRENEURSHIP: A REVIEW OF THE LITERATURE

2.1 INTRODUCTION

In the previous chapter it has been mentioned that the main objective of this research is the comparative analysis between the Malay and Chinese entrepreneurs in Sarawak on their business activity. To achieve this comparative analysis, the main objective has been further broken down into three separate sections, denoting three separate groupings of variables. They are;

Objective 1: The comparison of the general characteristics
 between the Malay and Chinese entrepreneurs;

- a. Present age of the respondents
- b. The age at which the respondents started their businesses
- c. The number of years already running their own businesses
- d. Level of education achieved by respondent
- e. Amount of initial capital used for starting the business
- f. Percentage of own money used in the initial capital
- g. Number of hours spent on the business per average working day.
- h. Who was most influential in the decision to go into business
- i. The importance placed on government incentives on the conduct of business.

Objective 2: The comparison between the family background of the Chinese and Malay entrepreneur based on the following variables:

- a. The status of the family of the respondent when he was young (measured in terms of income level of the father or guardian).
- b. The principal job of the father or guardian of the respondent.
- c. The size of the respondent's family (measured by the number of brothers and sisters in the respondent's family).
- d. Influence of the presence of other family members also owning businesses.

Objective 3: Comparative Analysis of Other Variables:

- a. The importance of religion on the conduct of everyday business
- b. The importance placed on borrowing from:
 - i. Family members
 - ii. Friends
 - iii. Commercial Banks
 - iv. Other Banks and Financial Institutions
- c. The most pressing problems faced by the respondents
 - i. on start-up,
 - ii. after the business had started (for example in the first two years), and
 - iii. at present.

Based on the above, this chapter has been designed to present, as comprehensively as possible, a review of the available literature on the issue of entrepreneurship as a whole, and the factors affecting it.

Before the research is expanded based on the above objectives, the term "entrepreneur" is defined and established. From the definitions that have been uncovered in the literature by writers and academicians (be they sociologists, psychologists or economists), the scope of definition for the term "entrepreneur" in Sarawak will be ascertained to fit this research.

The advent, as well as the problems brought about by the growth of migrant entrepreneurship in the developed as well as developing countries are surveyed in Chapter 3. Based on this, the research methodology in Chapter 5 has been designed in such a way so that the field survey carried out would reveal the characteristics of the entrepreneurs as well as highlight the significant differences or similarities between these Malay and Chinese entrepreneurs.

By carefully defining and accepting the term "entrepreneur" in this chapter, it is hoped that no mistake will be made on the selection of the population for the distribution of questionnaires for the conduct of the field survey. The plan to use whole populations of entrepreneurs instead of selecting samples from sampling frames was finally decided upon, and this process was made even easier after coming up with a working definition of the term "entrepreneur" to suit the small business environment in Sarawak.

Hornaday describes an entrepreneur as someone who controls his own destiny¹. One of the earliest definitions of an entrepreneur is that of Richard Cantillon who described the individual as a rational decision maker taking certain risks and providing management for the firm². Cantillon set the present day guidelines as to the main characteristics of the entrepreneur. His entrepreneurs bear much semblance to the entrepreneurs written about by many authors and researchers of today. For one, Cantillon's entrepreneurs were innovators and not afraid of taking risks, the term "innovate" being defined in the Little Oxford Dictionary³ as "to bring in new ideas, etc.; make changes". For some other writers such as Joseph Schumpeter⁴, David McClelland⁵ and Kets de Vries⁶, their entrepreneurs include corporate entrepreneurs as well. This is elaborated in more detail further on in the chapter.

The Encyclopaedia of Entrepreneurship⁷ defines the term entrepreneur as follows:

¹Hornaday, J.; *Characteristics of Successful Entrepreneurs*, Personnel Psychology, Vol.24. pp.141-153.

²Kilby, P.(ed.); *Hunting the Heffalump: Entrepreneurship and Economic Development*, New York: Free Press, 1971.

³*The Little Oxford Dictionary of Current English*, Sixth edition, Oxford: Clarendon Press, 1985, p. 279.

⁴Schumpeter, J.A.; *The Theory of Economic Development*, 1934. 1st. English edition. Cambridge, Mass: Harvard University Press, 1974, p.66.

⁵McClelland, D.; *The Achieving Society*, Princeton, N.J.: Van Nostrand.

⁶Kets de Vries; *The Entrepreneurial Personality: A Person at the Crossroads*, Journal of Management Studies, February, 1977, pp.34-57.

⁷C.A. Kent, D.L. Sexton, & E.H. Vesper (Eds.); Encyclopaedia of Entrepreneurship, Englewood Cliffs, N.J.; Prentice-Hall, 1982.

"ENTREPRENEUR: A French term for a person who undertakes and develops a new enterprise at some risk (of failure or loss). Although the words innovator, proprietor, and capitalist are used in the same sense, there are subtle differences that make the term "entrepreneur" preferable. The idea of the undertaking may not be the entrepreneur's own invention, he or she is not simply an "owner" of the business, and the capital raised for it may or may not be his own."

Numerous writers have described the entrepreneur based on two different approaches. The first approach describes the entrepreneur as an individual who is willing to undertake a risk - a fairly calculated risk - to achieve a specific set of objectives or goals. Under this approach, the entrepreneur is in effect one who takes risks in conducting everyday business, representing one of a group of small business people who are the prime movers of business in the process of development in a nation⁸.

The second approach portrays the entrepreneur as the person or persons employed by large, already established firms where a group of them is involved in risk-taking activities such as the promulgation of sales and ventures specially meant for the survival, expansion or continuation of the firm. Entrepreneurs in the latter category are

⁸In the United States alone, there were 14.7 million businesses in 1982 and out of this figure, 99.7 per cent are considered by the Small Business Administration of the United States as falling into the "small" category. - *The Small Business Administration* (U.S. Government Printing Office, 1982).

similar to the ones described by McClelland⁹ and Schumpeter¹⁰. Nevertheless the characteristics and attributes of entrepreneurs as perceived by both McClelland and Schumpeter apply to the independent business owner referred to under the first approach as much as they apply to the corporate executive. According to Schumpeter an entrepreneur is one who gets involved in a business deal and makes a profit in the process, regardless of whether the deal is for others or for himself. Schumpeter defined the entrepreneur along the needs of an economic or social role. He described the most important role of the entrepreneur as bringing together, with the help of innovation, the various factors of production, in return for the desired profit. To summarise Schumpeter's entrepreneur, a combination of factors have to inter-play with one another;

- a. The introduction of a new good.
- b. New methods of production being employed.
- c. The opening of a new market.
- d. The conquest of a new source of supply of raw material.
- e. Reorganisation of an industry.

Drawing together the works of the above mentioned authors, Carland, Hoy, Carland and Boulton¹¹ came up with the following definition:

⁹McClelland, D.; *op.cit.*, 1961.

¹⁰Schumpeter, Joseph A. *op.cit.* 1934, p.75.

¹¹Carland, J.W., Boulton, W.R., Hoy, F. and Carland, J.A.C.; *Differentiating Entrepreneurs from Small Business Owners: A Conceptualization*, Academy of Management Review, 1984, Vol.9, No.2 pp.354-359.

"An *Entrepreneur* is an individual who establishes and manages a business for the principal purposes of profit and growth. The entrepreneur is characterized principally by innovative behaviour and will employ strategic management practices in the business."

Entrepreneurship, in the global context of the word does not seem to have a sense of direction in Sarawak. The development of entrepreneurship in Sarawak, and the whole of Malaysia for that matter, has been uncharacteristic and does not seem to be heading in any direction¹², except that the entrepreneurs who at present conduct business in the State are there because of the organic growth that have been achieved over the years, unlike entrepreneurial developments in the developed countries¹³ such as the United Kingdom or the United States where the changes in individual entrepreneurial development follow specific characteristics as laid out in numerous studies and researches conducted for these purposes¹⁴.

In view of the above contention, the entrepreneurs included in this research thus do not belong to any specific category of definition and it is because of this that the author has come up with the following definition to fit the objectives of this research. For the purpose of this research, an entrepreneur is defined as:

¹²Chee Peng Lim; *Entrepreneurial Development Programmes: The Malaysian Experience*, International Small Business Journal, Autumn, 1982; pp.12-24.

¹³Care has been taken to use the term "developed" here because in the World Bank analysis of countries around the world, Malaysia has been classified under this category when it comes to the application or issue of World Bank loans. *Malaysian Economic Report, 1982/1983*, Ministry of Finance, Malaysia, Vol.11, Malaysian National Printing Department, 1982.

¹⁴Gibb, Alan, A; *Factors Fostering Entrepreneurship*, in Education for Enterprise, edited by A.G.Watts and Paul Moran, CRAC Publications, 1984, pp.13-15.

"A member of the subset of small business owner managers in the State of Sarawak, East Malaysia, who at present owns AND manages a small business (the term "small" as defined further below) and that the business that is being owned and managed would have either been created by the entrepreneur himself/herself, inherited or had been bought over, regardless of whether the money used by him/her in setting up or acquiring the business was his/hers or otherwise."

This definition of entrepreneurship must not be confused with that of a small business owner, who is defined as;

"an individual who establishes and manages a business for the principal purpose of furthering personal goals. The business must be the primary source of income and will consume the majority of one's time and resources. The owner perceives the business as an extension of his or her personality, intricately bound with family needs and desires".¹⁵

Brockhaus¹⁶, in his article *"The Psychology of Entrepreneurship"* presented an excellent historic overview of the definitions of entrepreneurs. According to Brockhaus, one behaves as an entrepreneur only when carrying out innovations. But the term innovation can

¹⁵Carland, J.W., Carland, J.A.C., Hoy, F. and Boulton, W.R.; 1984, op.cit. pp. 354-359.

¹⁶Brockhaus, R.H., *The Psychology of the Entrepreneur*; In O.A. Kent, D.L. Sexton, & K.H. Vesper (Eds.) *Encyclopaedia of Entrepreneurship*, Englewood Cliffs, N.J.; Prentice-Hall, 1982, 39-57.

mean many things and can also be used to describe improvements in advertising, marketing, sales techniques, public relations etc. Hornaday & Aboud¹⁷ and Pickle,¹⁸ included samples of small business owners in their studies on entrepreneurship and concluded that the entrepreneur is the individual who brought the resources together and initiated the venture.

2.3 DEFINING "SMALL BUSINESS"

Over the years, different individuals as well as governments through their policy makers, have come up with different ways of defining the term "small business". Some authors use the number of employees to compare between large businesses and the smaller ones. Others use turnover of the firm, or the amount of capital employed in the initial startup of the business. There are others still who use the total assets of the firm to denote the size of the firm. Nevertheless, a survey of the literature reveals that these definitions are not universally applied everywhere because some modifications to the definitions have been added to the definitions which are used by others. Different countries apply different sets of definitions to suit the business and economic environment in which the businesses perform in these countries.

In the U.K., the most prominent definition of what constitutes a "small business" is laid down by the Bolton Committee Report of

¹⁷Hornaday, J.A., & Aboud, J.: *Characteristics of Successful Entrepreneurs*, Personnel Psychology, 1971, Vol.24, pp.141-153.

¹⁸Pickle, H.B *Personality and Success ; An Evaluation of Personal Characteristics of Successful Small Business Managers* . Small Business Research Series No.4, Washington D.C., ; U.S. Government Printing Office, 1964.

1971¹⁹. The Bolton Committee Report suggested that a small firm is a socio-economic unit with the following characteristics:

1. Economically, a small firm is one that has a relatively small share of its market.
2. Managerially, the small firm is administered by its owners or part-owners in a personalized way, rather than through the medium of a formalized management structure.
3. Finally, it is independent in the sense that it does not form part of a larger enterprise and owner-managers are free from outside control in taking their principal decisions.

There are some setbacks to these recommendations by the Bolton Committee, especially in reference to the market share of the firm. Some businesses may be small, yet its share of the market is large. In Sarawak for example, a contractor who specialises in the installation of solar powered hot water systems on roof-tops is a small business but he monopolises this particular section of the contracting sector. This means that even though his business only employs a few workers, his business is large in terms of turnover and income. This definition by the Bolton Committee therefore needs to be assessed alongside other definitions, both in the developed as well as developing economies. Even though the Bolton Committee recommendations is for the whole of the U.K., minor additions have been made from time to time in specific regions of the country.

¹⁹See Bolton Committee: *Small Firms - Report of the Committee of Inquiry on Small Firms*, Cmnd. 4311, London: H.M.S.O., November, 1971, pp.1-2.

In Scotland, for example, the Industry Department for Scotland categorises small businesses according to two divisions, depending on the sector of involvement in the industry. For manufacturing firms, a business would be considered small if it employs less than 200 workers but for all the other sectors, a small business is one which employs less than 25 people²⁰.

In Singapore, the government classifies a small business as one which has fixed assets of less than S\$8 million (US\$3.7 million) and employ fewer than 50 workers²¹. This definition is used by the Singapore Small Enterprise Bureau for prequalifying businesses in its small business assistance programmes.

In Australia, the most accepted definition of small business is that recommended by the Wiltshire Committee²² in 1971 which says that a "small business" is;

"A business in which one or two persons are required to make all the critical management decisions: finance, accounting, personnel, purchasing, processing or servicing, marketing, selling, without the aid of internal specialists and with specific knowledge in only one or two functional areas. The business is considered small if it employs less than 100 employees".

²⁰ Better Business Services Publication; Industry Department for Scotland, H.M.S.O, Glasgow, 1988.

²¹ Kau Ah Beng; *Business Practices of Small and Medium Enterprises in Singapore*, Proceedings of 1st. Asia-Pacific Symposium on Small Enterprise and Entrepreneurship Development, (SBED Symposium), Bangkok, 18-21 Feb. 1987: Technonet Asia, Singapore, p.210.

²² Report of the Committee on Small Business, Australia, (Chairman: F.M. Wiltshire), Parliamentary Paper No.82, June 1971, p.7.

In the United States, there are many definitions being used by the United States government through its Small Business Administration (SBA) and the private sector, especially the banking institutions and financial houses. Tate et.al.²³ provides that a small business is *"an organisation with a name, a place of operations, an owner, and one or more workers other than the owner"*. Another definition by Leah²⁴ which has been accepted by most banks throughout the United States²⁵ is that *"a small business is one that is managed by not more than 3 managers or whose workforce does not exceed 100 persons"*. In another work by Nappi and Vora²⁶, a small business can be defined both by the number of employees, that is *"it employs 500 or fewer employees, or that it has either fewer than 100 employees or less than US\$1,000,000 in gross receipts"*.

The most prominent one which the Small Business Administration (SBA) of the United States uses is that which is based on Section 3 of the Small Business Act of 1953 (as amended) which states that, *"A small business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation"*.

²³C.B.Tate, Jr., L.C. Megginson, C.R.Scott, JR., and L.R. Trueblood; Successful Small Business Management, Dallas: Business Publications, Inc., 1978, p.4.

²⁴Leah Hertz; In Search of a Small Business Definition, Washington, D.C.: University Press of America, Inc., 1982, p.433.

²⁵Peterson, R.A., Aibaum, G. and Kozmetsky, G.; The Public's Definition of Small Business, Journal of Small Business Management, July 1986, pp.63-68.

²⁶Nappi, A.T. and Vora, J.; Small Business Eligibility: A Definitional Issue, Journal of Small Business Management, October, 1980, p.23 and p.25.

In 1984, the SBA issued its latest ruling regarding its revised quantitative criteria or size standards and the definition of "small" varies with sector or industry of involvement. For example, a "small" retail firm has annual sales of US\$2 million or less while a "small" wholesale firm has annual sales of US\$22 million or less. "Small" manufacturing firms are not classified by annual sales but by the number of employees. Smallness, in this case can be from 350 to 500 employees or less depending upon the type of manufacturer it is²⁷.

In Malaysia, the definition of "small business" most widely referred to is that which has been drafted by Bank Negara Malaysia, the national bank. According to the bank's guidelines, a small business has been defined as one which employs 50 workers or less or that the business used startup capital of M\$500,000 or less. However, this definition does not include contracting and manufacturing, for which the amount of startup capital utilised can be up to M\$2 million²⁸. This definition is used for qualifying the entrepreneurs who apply for assistance and financial aid schemes which are extended by the banks. This research for Sarawak follows the same guidelines.

2.4 ATTRIBUTES AND CHARACTERISTICS OF ENTREPRENEURS

One of the earlier writers on the subject of entrepreneurship was Max Weber. Weber perceived the entrepreneur as a special

²⁷Boardman, C.M., Bartley, J.W., and Batliff, B.L.; *Small Business Growth Characteristics*, American Journal of Small Business, Vol. V, No.3, Winter (Jan-Mar.) 1981, p.34.

²⁸Source; Bank Negara Malaysia, Kuching Office, May 1989.

kind of person²⁹ whilst McClelland, in confirming Webers' hypothesis came with the notion that entrepreneurs were driven by the desire to be excellent in all that they do. McClelland³⁰, presented some of the necessary qualities for the entrepreneur to succeed in business, such as;

- "1. One must desire to serve the public and be attentive to the customer's attitudes, something which is not needed in a fly-by-night business, or for selling to passersby but most important when setting up a manufacturing or service business which is expected to last for the next fifty years.
2. The entrepreneur must acquire a reputation for fulfilling all his contracts such as paying his creditors on time, meeting delivery dates for his customers, honouring promises to his staff, and so on.
3. The entrepreneur must have leadership skills. As the business grows in size, responsibility is delegated to sub-managers, and the entrepreneur becomes the leader of a team.
4. They (the entrepreneurs) must possess some degree of ruthlessness, especially with competitors (for example undercutting their prices, eliminating their sources of raw materials or by taking away their customers or suppliers or even staff)."

²⁹Weber, Max; *The Protestant Ethic and The Spirit of Capitalism*, New York, C.Scribner's & Sons, 1930.

³⁰McClelland, David C. (1961), *op.cit.*

It must not be misinterpreted, however, that McClelland's entrepreneurs were mostly business executives representing various functional jobs such as general management, sales and marketing, finance, engineering and personnel, even though the results of his study has been widely referred to as encompassing the individual business entrepreneur this research is concentrating on.

It is thus universally accepted that various attributes and characteristics are necessary for the development of an entrepreneur. Most of the writers covered in the survey on the literature for this research agreed on one important point in order to be entrepreneurial, and that is the person need to have both original business ideas and the ability to make them work. Kilby³¹ listed 13 attributes required of entrepreneurs and his attributes have been broken down further by others such as Johnson³² and Timmons³³.

Figure 2.1 below shows the most common characteristics which entrepreneurs should have according to Timmons³⁴. It can be seen from Figure 2.1 that Timmons emphasises only nine of the attributes. This researcher contends that all of Timmons attributes are most suitable for entrepreneurs in a country like Sarawak. It somehow reflects the stature and strengths of entrepreneurship which the Chinese entrepreneurs already possess generally.

³¹Kilby (1971) *op.cit.* p. 27.

³²Johnson, C.; *Entrepreneurs and the Start-up Process*, Unpublished M.Sc Dissertation, Durham University Business School, 1983.

³³Timmons, Jeffrey A.; *Characteristics and Role Demands of Entrepreneurship*, American Journal of Small Business, Vol.III, Number I, July 1978.

³⁴*Ibid.*

FIG.2.1: CHARACTERISTICS OF SUCCESSFUL ENTREPRENEURS

- ~ A high level of drive and energy.
- ~ The self-confidence to take carefully calculated, moderate risks.
- ~ A conception that money is a way of keeping score and a tool for growth.
- ~ Unusual skill in motivating and eliciting productive collaboration from other people.
- ~ High but realistic and achievable goals.
- ~ The belief that they can control their own destinies.
- ~ The ability to learn from their own failures.
- ~ A long-term vision of the future of the enterprise.
- ~ Intense competition with self-imposed standards.

Source: Jeffrey A. Timmons; *"Careful Self-Analysis and Team Assessment Can Aid Entrepreneurs"*, Harvard Business Review, Nov.-Dec.1979, p.199.

Olson and Bosserman³⁵ hypothesized that individuals will exhibit entrepreneurial behaviour only when they possess a combination of three key attributes namely "role orientation", "abilities" and "motivation". These are the same attributes which Drucker suggested that entrepreneurs must have in addition to those required for managers³⁶. It does not mean, however, that a small business owner who does not fit the above characteristics are not entrepreneurial because, by being self-employed and conducting their businesses over a

³⁵Olson, P.D. and Bosserman, D.A.; *Attributes of the Entrepreneurial Type*, Business Horizons, May-June 1984, pp.53-56.

³⁶Drucker, P.F.; *Entrepreneurship in Business Enterprise*, Journal of Business Policy, 1970, pp.10-11.

period of time and developing skills along the way is, in itself, being entrepreneurial.

2.5 ADDITIONAL QUALITIES REQUIRED OF ENTREPRENEURS

An entrepreneur as broadly defined above may or may not achieve his goals or objectives successfully if the individual is not equipped with certain basic qualities and also if proper support is not forthcoming from the expected quarters namely the government and the private sectors, particularly in the financial sector. Amongst the many qualities, the following have been the most frequently quoted.

a. Dealing With Failure

Entrepreneurs are not afraid of failing. Being more intent on succeeding they are not averse to the possibility of failing³⁷. One question on this aspect has been specifically included in the questionnaire.

b. Ethics

In the process of conducting business by the entrepreneur, a set pattern of business ethics are observed which in general govern day-to-day business undertakings. McClelland³⁸ mentioned the issue of a "situational ethic", something which tended to be defined by the needs and demands of the situation rather than by some other rules or code of conduct.

³⁷Timmons, J.A.;1978, *op.cit.*, pp.6-17.

³⁸McClelland (1960); *op.cit.*

c. Integrity and Reliability

This particular characteristic refers to the presence of a reputation for dependability, reliability and honesty in the personal charisma of the entrepreneur. One particular person who will look upon this quality first before others is the bank officer, especially when it comes to the application of start-up or additional capital loans or even the odd conventional over-draft³⁹.

d. Total Commitment

The entrepreneur is not in business just to pass the time. It takes a long time and much sacrifice before a business can get a firm footing and becomes established. The commitment required involves not only a willingness to invest the savings of a lifetime for some but also the willingness to earn little for the first two to three years and above that, to work long hours, neglecting other duties such as having time with the children or the much needed break with the spouse⁴⁰.

Even though making large amounts of profit and the creation of wealth is synonymous with the results of a successful enterprise, many of the authorities on entrepreneurship and other researchers have found that the pursuit of personal riches seems to most entrepreneurs as to have no meaning⁴¹. This means that financial

³⁹Hornaday, John, A. and Aboud; *Op.cit.* 1971, pp.141-153.

⁴⁰*Ibid.*

⁴¹a. Atkinson, John. W; *An Introduction to Motivation*, Princeton: D. Van Nostrand Co., Inc., 1964.
b. McClelland, David, C.; *Business Drive and National Achievement*. Harvard Business Review, July-August. 1962.
c. McClelland, David, C.; 1965, *op.cit.*
d. Pickett, H.B.; 1964, *op.cit.* in Timmons, J.A.; *op.cit.*

attraction represents a small or negligible factor in the decision to go into business in the first place⁴². In a study on entrepreneurial qualities, Ettinger discovered that there are entrepreneurs who want their businesses to be very profitable "to convince themselves that they are capable of earning money"⁴³.

From the above analysis, it can be seen that different authors write differently on entrepreneurship but much as there are variations, the main characteristics which do not change are that entrepreneurs take risks, they have to be innovative and they must be excellent in the co-ordination of resources.

2.6 FACTORS AFFECTING ENTREPRENEURSHIP

There are many factors which can influence entrepreneurship, from the time business ideas are conceived to the point where the idea culminates into the setting up of a business and beyond. Many academicians, writers and researchers in psychology and sociology have written about the factors which influence entrepreneurship. These have been reviewed extensively from the available literature on the subject and are presented below. Most of these studies have been done by examining the life-histories of entrepreneurs being researched or by survey approaches, including using control groups seeking to identify the influences, from the start-up to the eventual success of the

⁴²a. Palmer, M.; *Application of Psychological Testing to Entrepreneurial Potential*, California Management Review, Vol. 13, No.3. 1971.
b. Watkins, D.S.; *Technical Entrepreneurship: A Cis-Atlantic View*, R. and D. Management, Vol.3, No.2 1977.

⁴³Ettinger, Jean-Claude; *Some Belgian Evidence on Entrepreneurial Personality*, European Small Business Journal, Vol.1, Part 2, 1983, pp.45-58.

enterprise. To quote an example, Schumpeter⁴⁴ describes how entrepreneurs strive to achieve excellence in their entrepreneurial activities and their fervent pursuit of well defined goals when he said that entrepreneurs have;

- a. a marked acquisitive instinct with a desire for the family dynasty to control the wealth created,
- b. a determination to do the impossible to manifest one's superior attributes, and,
- c. an ego-push creativity.

Unlike Schumpeter's criterion, the entrepreneur as described by McClelland's is "*someone who exercises some control over the means of production and produces more than he can consume in order to sell it for individual income*"⁴⁵.

2.6.1 Family and Kinship Factors

The factors which influence someone's entrepreneurial capabilities do not individually influence the growth of entrepreneurship on their own but mostly work in unison with other factors such as family affiliation⁴⁶. In this case, the linkage is placed upon the importance of family influence on continuity and inheritance, that is a family business is passed down to the younger generation in the family. In many cases, the "heir" is groomed by the head of the family or the "member of the older generation" who normally heads the main family business. Along with this is the tendency by other members of

⁴⁴Schumpeter, Joseph, A.: Capitalism, Socialism and Democracy, Harper & Row, New York, 1962.

⁴⁵McClelland, David, C (1960); *op.cit.*, p.65.

⁴⁶Heath, A.: Social Mobility, London: Fontana, 1981, adapted from Gibo, A.; *op.cit.*

the family to set up satellite or associate businesses, supplementing the existing "parent" company whilst others are developed to act as outlets for doing the marketing or purchasing functions of the main business.

The family, clan, or in the absence of both, racial linkage trait is found as strong among the most successful business communities around the world, such as the Chinese and Asians (Indian and Pakistani) who have been particularly successful in South-east Asia⁴⁷, the Asians throughout Africa and parts of the United Kingdom⁴⁸, the Lebanese in Nigeria and Ghana⁴⁹, the Jews throughout Europe⁵⁰ and the Jews, Greeks and Armenians in the Middle East⁵¹. For the Jews, however, kinship and familial bonds are not as predominant as compared to the Chinese and Asians mentioned above. Their business community thrive on the basis of one entrepreneur or group of entrepreneurs extending help and assistance to another⁵².

Perhaps the strongest example of the influence of family affiliation on entrepreneurship is portrayed by Pakistani entrepreneurs. The majority of the Pakistani businessmen who are successful

⁴⁷a. Lewis, W. Arthur; Racial Conflict and Economic Development, Harvard University Press, Cambridge, Mass., 1985 pp. 4-9.

b. Lee Yong Leng; *Ethnic Differences and the State - Minority Relationship in Southeast Asia*, Ethnic and Racial Studies, Vol.6, No.2, April, 1983, pp.213-218.

⁴⁸Elkan, Walter; *Entrepreneurs and Entrepreneurship in Africa*, Research Observer, 3, No.2, (July 1988), pp.171-185.

⁴⁹Elkan, Walter; *op.cit.* p.185.

⁵⁰a. Pollins, Harold; *The Development of Jewish Business in the United Kingdom*, in Robin Ward and Richard Jenkins; Ethnic Communities in Business; Strategies for Economic Survival, Cambridge University Press, 1983, pp.73-87.

⁵¹Lewis, W. Arthur; *op.cit.*, 1985, p.76.

⁵²Pollins, Harold; *op.cit.*

both in Pakistan and abroad come from only five "families" of traditional traders in Pakistan who make up only about one-half per cent of the overall Pakistani population⁵³. Familial affiliation has provided for the understanding of the reasons why immigrant minorities can become successful in business as soon as they have settled in the new environment.

Coupled with the above is the influence of the family of origin which provides the basis for the development of a business culture among the community. As an example under this category, the community has, over a few generations, experienced hardship in their homelands and when opportunities existed which provided for a break to escape from the poverty being experienced, such as involvement in petty business activities, members of the community went out into business in great numbers⁵⁴. Again, the modern-day Jew, Chinese and Asian entrepreneurs show strong reflections of this. However, unlike the Jew, kinship and clannish factors predominate most amongst the Chinese and Asians. This relationship is strongly related to the racial origins of the entrepreneurs which lead to the development or emergence of kinship and familial ties, flaming the spirit of nationalism and communalism⁵⁵.

⁵³Papanek, G: *The Development of Entrepreneurship; Papers and Proceedings: American Economic Review*, May 1962, pp.44-66. (Papanek here quotes some figures from Hanna Papanek's "The Khoja Ismailis of Karachi", (unpublished work).

⁵⁴Miller, D.R. and Swanson, G.T.; *The Changing American Parent*, New York: Wiley, 1958, adapted from Gibb, A.; *op.cit.*.

⁵⁵Roney, D. M; *Gordon Redding on Chinese Management Style*, *World's Executive Digest*, February, 1983, pp.77-81.

Business flourishes upon the strength of support and protection that members of the race or community provide to each other. McClelland also mentioned this factor in his work when he noted that *"no other factor bears the full bearing on the development of entrepreneurship at an early stage on an entrepreneur than the support that a family extends to the individual in certain cultures"*⁵⁶.

2.6.2 EARLY EXPOSURE TO ENTREPRENEURIAL ATTRIBUTES

Another factor which influences the development of entrepreneurship, which however, has not been accepted too readily by sociologists is that of the availability of opportunities for work experience during the childhood of a person, particularly in a small business. Collins and Moore describes how the effect of exposure to a son towards trading and business activities by his businessman father leads the son to accepting entrepreneurship as one way of earning a living when he grows into adulthood, as opposed to another boy who does not have such exposure⁵⁷.

Bowles and Gintis wrote about the influence of basic and secondary education which, as they discovered, could provide basic motivations and aspirations for future career and job choice⁵⁸. Many more factors have been mentioned in the literature, and include such

⁵⁶McClelland, David; *op.cit.*, 1960, p.66.

⁵⁷Collins, O. and Moore, D.G.; *The Enterprising Man*, Michigan: Michigan State University, 1964.

⁵⁸Bowles, S and Gintis, H.; Schooling in Capitalist America, London: Routledge & Kegan Paul, 1976.

influences as friendship patterns and marriage ties⁵⁹; the influence of occupational choice and development in providing the necessary skills; the influence of career and organisational experience in terms of a number of sub-factors including opportunities for self-fulfilment and promotion, job satisfaction and dissatisfaction, job mobility, and acquaintance with small business, as well as the influence of hobby and recreational patterns on entrepreneurship.

2.6.3 Academic Achievement

On the issue of educational level achieved by entrepreneurs, vast differences have been recorded between the level of academic achievement of entrepreneurs in developed economies such as the United States, and those in less-developed economies such as the Third World Countries. For example, the Collins and Moore study mentioned above also revealed that the average level of academic achievement of non-minority entrepreneurs was only up to high school⁶⁰. Comparing this to another study by Gomolka on 220 minority entrepreneurs in the District of Columbia in the United States, the minority entrepreneurs tended to have higher qualifications⁶¹. Gomolka's entrepreneurs showed a strong correlation between achievement in education with achievement in business. In Africa, for example, Elkan⁶² noted that in many black African countries, very few entrepreneurs were highly educated. This

⁵⁹Scase, C. and Goffee, R.; The Real World of the Small Business Owner, London: Croom Helm, 1980.

⁶⁰The Collins & Moore study involved 110 entrepreneurs in Michigan, America.

⁶¹Gomolka, Eugene; Characteristics of Minority Entrepreneurs and Small Business Enterprises, American Journal of Small Business, Vol. 2 No.1, July 1977, pp.10-21.

⁶²Elkan, Walters; Entrepreneurs and Entrepreneurship in Africa, Research Observer, Vol.2 No.2 (July 1988) p.175.

was because those who had achieved high levels of education tended to be absorbed into government service or they would be engaged by the semi-government agencies, more commonly called parastatals in the African states. The tendency for educated minorities to be absorbed by the government because the best jobs were reserved for them also afflicted the Malays in Malaysia until 1986-1987, when economic slowdown forced the government to freeze on new job creation and many Malay graduates found that they could no longer rely on the government to provide them with ready jobs, something which their fore-fathers did not experience. This was also one reason why few Malay doctors or lawyers indulge in private practice. For example, in 1974, out of 900 medical doctors in private practice in Peninsular Malaysia, there were only 24 Malays compared to 582 Chinese and 242 Indians⁶³. The 1970 Population Census of the United States reveals that 30.4 percent of American Chinese who run their own businesses reached college education⁶⁴.

2.6.4 Capital

Two things are dependent on the amount of capital. The first is the decision by potential entrepreneurs to venture into business in the first place, and secondly, having decided to venture into business, the sector he will venture into. Both depend on the capital that is available to the budding entrepreneur. Once the start-up

⁶³Abdul Rahim, Mohd. Said; *Enterprise in Malaysia*, Development Forum, 4:3,1-17.

⁶⁴Wong, Morrison, G.; *Changes in Socioeconomic Status of the Chinese Male Population in the United States from 1960 to 1970*, International Migration Review, Vol 14, No.4 pp.511-524.

hurdle has been cleared, the entrepreneur has to have the additional cash in order to ensure that his cash flow is not interrupted so that he can deliver the goods promised or get contract jobs completed on time. In the United States, half of small businesses fail within two years and for those who manage to clear the two year barrier, a further 8 out of 10 businesses will begin to falter within the first five years of operation⁶⁵. Among this group, 50 percent fail because of lack of the necessary cash flow to support the continual operation of the business. Other causes of failure include over-trading, sabotage, burnout of the entrepreneur, family disputes or even health problems.

In another study, Baumbach et.al⁶⁶ lists down the lack, as well as poor management of capital as the most important cause of business failure among entrepreneurs in small business. To quote Baumbach et.al.,

"Obviously failure means a situation where available capital is insufficient to pay all the obligations of a business. No matter how large or small initial capital outlay may have been, incompetent management has not only exhausted it but incurred debts beyond ability to pay. To the failing entrepreneur the most obvious reason is lack of capital, regardless of how inefficiently he has managed what capital he had"⁶⁷.

⁶⁵U.S. News and World Report, "Starting Your Own Business: Getting Tougher but Thousands Still Manage", Oct. 17, 1977, pp.94-95.

⁶⁶Baumbach, C.M., Lawyer, E. and Kelley, P.C.; How to Organize and operate a Small Business, Fifth edition, Prentice Hall Inc., 1973, p.1.

⁶⁷Baumbach et.al.; *ibid.*

Once the required amount of money to incorporate the business has been raised, the entrepreneur still has to have additional capital until such time that the business starts to receive payments for his contracts and services, and this is where small businesses can be vulnerable. In a study on small enterprises as compared to the large ones, Walker and Petty found that the small businesses are less liquid in a current sense, were more profitable in the long run but had a higher percentage of debt to total assets⁶⁸.

2.7 SUMMARY

This chapter has not only attempted to define the term "entrepreneur" but also elaborated on the extended terminology "entrepreneurship". The characteristics and attributes that entrepreneurs need to have as distilled from the literature have also been highlighted as well as the factors that affect the development of the entrepreneurial attributes in the entrepreneur.

The one important point which is missing from the existing literature is the availability of tests or measurements on how to measure accurately and consistently the various entrepreneurial characteristics. Other than the area of personal values, the author did not find tests or other instruments which have been used to assess the entrepreneur's best fit with a particular characteristic. Nevertheless, this research only conducts comparative analyses on the business activity (based on the characteristics or attributes) of the

⁶⁸Walker, B.W. and Petty, J.W.II; *Financial Differences Between Large and Small Firms*, Financial Management, Vol.7, No.4: pp.61-68.

Malay and Chinese entrepreneurs. The objectives have been set out in Chapter 1 and the above descriptions and definitions hasten to emphasize the degree of "entrepreneurial-ability" of the Malay or Chinese entrepreneurs included in the survey in Chapter 5.

The following chapter discusses in detail the development of migrant and indigenous entrepreneurship in some selected countries.

CHAPTER THREE

INDIGENOUS AND MIGRANT
ENTREPRENEURSHIP: A REVIEW OF
THE LITERATURE ON THE PROBLEMS
IN SOME SELECTED COUNTRIES

CHAPTER THREE

INDIGENOUS AND MIGRANT ENTREPRENEURSHIP: A REVIEW OF THE LITERATURE ON THE PROBLEMS AND PROSPECTS IN SOME COUNTRIES

3.1 INTRODUCTION

The previous chapter gave a few of the many and varied versions of the definition of the term "entrepreneur" as contributed by sociologists, psychologists and economists over the decades. The chapter also introduced a working definition of the term by which the entrepreneurs involved in the survey in Chapter Six are identified, that is, the term which describes, in as concise a form as possible the entrepreneurs who form the population universe for the conduct of the field survey of this research. The chapter also discusses the factors which affect entrepreneurship as a whole.

Chapter One highlighted that there exists two major groups of entrepreneurs in Sarawak, that is the Chinese and, the Malays, who form one of the twenty-eight indigenous *Bumiputra* community. It is also established that the economy of Sarawak is dominated by the Chinese and that the *Bumiputras* have appeared in the business sector, setting up their own businesses either on their own or in partnership with members of the other races, notably the Chinese, as a result of the efforts of the government in promoting indigenous entrepreneurship.

In order to fully understand the presence of the Chinese entrepreneurs in Sarawak, this chapter presents a review of the

literature on the issue of migrant and indigenous entrepreneurship in other countries around the world. However, the strengths of Chinese entrepreneurship in Sarawak is best seen through the following statement by King when he commented that throughout South-east Asia, the Chinese were the ones who provided the economic lifeline for the development of the region, and Sarawak is no exception to this. In King's words;

"The Southeast Asian countries lack not only engineers and managers but also businessmen who can mobilize capital for use in initiating commercial and industrial enterprises and agrarian improvements essential to economic life. Generally speaking, the role of the businessmen throughout Southeast Asia has been left (far too long) to the foreign minority group, primarily the Chinese"¹.

This second part of the review on the literature explores the issue of migrant and indigeneous entrepreneurship in some selected countries around the world. As a prelude, it is necessary to explain here that the main theme of this chapter is on the success of ethnic or migrant entrepreneurs in the lands where they settle. A major portion of this chapter has been devoted to the successes of the Chinese, although other ethnic groups are also discussed in detail.

¹King, John Kerry; *Southeast Asia in Perspective*, Far Eastern Economic Review, January 2nd, 1958, p.20. (emphasis added).

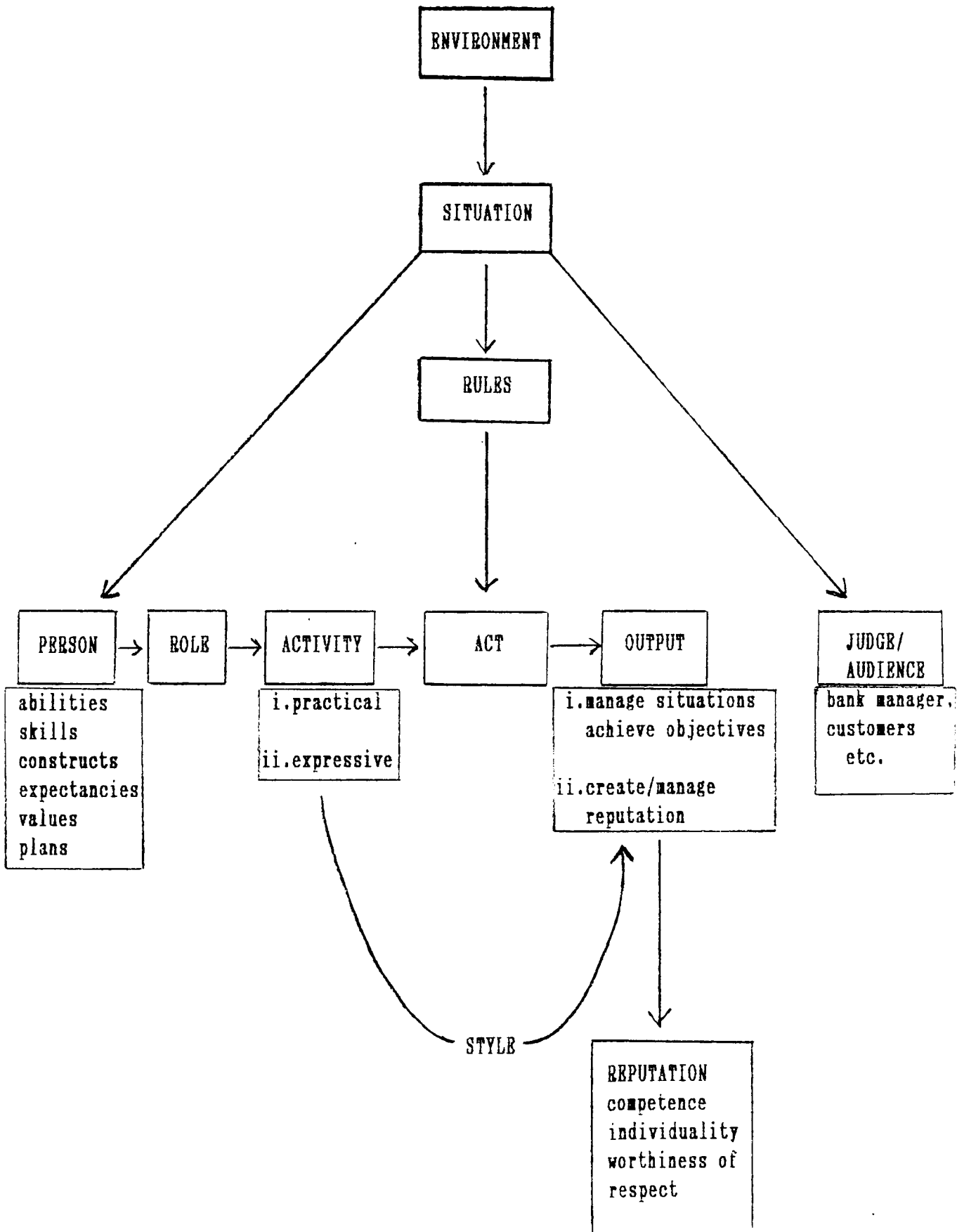
The previous chapter defined who the entrepreneur is as well as his traits, attributes and the role he plays. This chapter presents in more detail one entrepreneurial model which, because of its characteristics, suits the description of the Chinese entrepreneur, particularly the Sarawak Chinese whose business activity are conducted under some form of discriminatory practices which provide special provisions for the Malays. It is obvious that the business environment around which he exercises his entrepreneurial venture, that is under the NEP, is most hostile or, to put it a little more bluntly, discriminatory and not in his favour. The model referred to is Harre's **Situation-Act Model**². The model, which has been modified by Chell³ to portray entrepreneurial behaviour and presented diagrammatically in Figure 3.1 below, reiterates that *the meaning of the situation* to the individual entrepreneur which is of key significance. The model stipulates that the entrepreneur learns how to handle or manage situations by learning the rules which govern them. Thus, in any situation that the entrepreneur finds himself in, the chances for him to excel are high because his entrepreneurial strength takes care of the discriminatory rules to assist his business endeavours instead of inhibiting its growth.

²Harre, R.; Social Being, Oxford: Basil Blackwell, 1979. See also Branthwaite, A.: Situations and Social Actions: Applications for Marketing of Recent Theories in Social Psychology, Journal of the Market Research Society, 25, 1, (1983) pp.19-34.

³Chell, Elizabeth: The Entrepreneurial Personality: A Few Ghosts Laid to Rest, International Small Business Journal 3,3, Spring 1985, pp.43-54.

FIG.3.1: HARRÉ'S SITUATION-ACT MODEL AS MODIFIED BY CHELL

PERSON AND SITUATION INFLUENCES WHICH SHAPE
ENTREPRENEURIAL BEHAVIOUR



Source: Elizabeth Chell; *The Entrepreneurial Personality: A Few Ghosts Laid to Rest*,
International Small Business Journal 3,3, Spring 1985, p.50.

To understand how the Chinese entrepreneurial attributes fit into Harre's Situation-Act Model, Chell explains,

"both the internal and external environments of the business create situations which the incumbents have to deal with or ignore. Situations, according to Harre, are rule governed and prescribe the "acting out" of appropriate roles. The entrepreneur, bringing his or her own set of personal variables to cope with and deal with the situations he or she encounters. Indeed, it is common knowledge that the entrepreneur has to play multiple roles - chief executive, production manager, sales executive, general "dog's body", etc⁴".

Chell goes on to explain that under the label judges/audiences, the entrepreneur always acts in ways that will please if there is a need to do so, as long as his entrepreneurial ventures benefit. If pleasing a "judge" benefitted him under one occasion, then the "judge" can be made do without in another occasion when he is no longer useful to him. The same concept goes with policies, rules and regulations. If a set of rules imposed through governmental policy was in the way of entrepreneurial activity, then the functions under the heading "ACTIVITY" will be created to skirt around the policy to ensure that in the end, the target was achieved. Harre describes the entrepreneur as actors who engage in numerous activities, thus the heading ACTIVITY, and he relates these activities as serving two major functions, viz. i) a practical function which is used to manage the situation and fulfil the entrepreneur's

⁴Chell; *op.cit.* p.50.

needs, and ii) an expressive function of human social activity which is used to activate the practical function. The entrepreneur may attempt to please and impress, thus, creating both STYLE and REPUTATION in order to win contracts.

The closest study which strengthens the position of the Chinese in entrepreneurship as advocated by Harre's Situation-Act Model is the thesis by Everett Hagen⁵ which says that economic striving results from a gap between aspirations and the status quo. Hagen's study concludes that discrimination against a group intensifies the group's aspirations for better survival techniques, and for most of Hagen's cases, the only way out is always in commerce. Smith⁶, in debating Hagen's thesis, likens the Chinese to the disparaged groups referred to by Hagen. In Smith's words,

"Resident Chinese in non-Chinese societies are almost invariably a disparaged group. Almost as typically they are more active as businessmen than the indigenous population disparaging them. Indeed, the Chinese historically have been far more aggressive commercially away from their own milieu than at home. Evidently something does enter into Chinese-society interactions in foreign lands".

⁵Hagen, Everett, B.: *On The Theory of Social Change*, Homewood, Illinois: Dorsey, 1962, Chapter 15.

⁶Smith, Howard, B.; *The Chinese Entrepreneur Overseas*, Journal of Business Research, Vol.2, No.2, April 1974, pp.177-191.

Having looked at the model, the research continues into the survey of the literature on the issue of migrant and ethnic entrepreneurship. To begin with, the study looks into the issue in Great Britain and the United States of America representing the developed economies. Britain's link to Sarawak was strong both during the Brooke rule and later under the British colonial administration. Even to this date, some of the administrative systems of the country still resemble British rule, for example, the office of the *Residen*, who is the government's highest ranking official in all the nine Divisions. The study also explores the situation in the United States because of the existence of large groups of minority entrepreneurs there, such as the Chinese, Japanese, Koreans, black Americans and others such as Puerto Ricans or the Hispanics.

The minority entrepreneurs in both Britain and the United States, although largely noticeable and becoming stronger, are not dominant in these countries' economies except for one or two small sectors such as the Asians in Britain who have a strong presence in the garment trade and lately, in wholesaling⁷. Apart from that, their presence are strongly felt within the local sphere of influence where their businesses are located.

The survey also covers the issue of migrant and indigenous entrepreneurship from the literature available on some African countries. The list of countries covered includes Nigeria,

⁷Ward, R. and Jenkins, R.(eds.); *Ethnic Communities in Business; Strategies for Economic Survival*, (Cambridge University Press), 1983.

Tanzania, Kenya, the Sudan, Botswana and Uganda. These African countries are included partly because of the high incidence of migrant-owned businesses there and also partly because most of these countries have introduced legislation aimed at promoting more involvement of the indigenous population into the business sector like the case is in Malaysia, except that they have been more daring than Malaysia in their approaches.

Lastly, the study also presents the case as it is in Indonesia, which is not only a neighbour of Sarawak but also a member country in ASEAN^{*}, the South-east Asian parallel to the EEC.

3.4 THE ISSUES OF MIGRANT AND INDIGENOUS ENTREPRENEURS

3.4.1 Indigenous Peoples and Entrepreneurship

As has been mentioned above, the main theme of this chapter and the ensuing discussion is the entrepreneurial success of the migrant population (in this case, the Chinese) in a country in which the indigenous population (in this case, the Malays) is not entrepreneurial and in whom, entrepreneurial talents have to be coerced under protective conditions. The following attempt to explain the reasons why the Chinese excelled in entrepreneurship in their search for means of survival in the countries where they settled until they reach the point where they dominate the country's economy.

* The Malays did not need to be entrepreneurial because, all things being equal, they did not have to struggle for

^{*}ASEAN: Association of Southeast Asian Nations.

survival, as was the case with the Chinese. There never was a problem in looking for a job because there were enough jobs to absorb school leavers and graduates. Added to that, the Malay children as well as their parents preferred the safety and comfort of being employed by the government, such comfort which also brought with it a recognised symbol of "status" which is reflected in the steady income received at the end of the month. Anyone who conducted business and trading was regarded as not having a secured income and the Malay society at large tended to look down on and despise such tribulations.

- * The government provided ample jobs for new school and college leavers and furthermore, in many of these countries, the migrants were not allowed to hold certain positions or apply for certain jobs. It was taken for granted that work was always there when needed and one need not worry about not having a secure source of income.
- * There was plenty of land for the local population which, even though most had to be paid for, were cheap. Prices of land and houses were also cheap and the people did not need to worry about owning a house when their sons later married. For the Malays, life was comfortable and there was no pressure to earn more than what was required.
- * The prices of food were generally cheap. There was more than enough food for everyone, even in the most remote of villages in the rural areas. Although the average family

size was large, the fields and farms could contain the needs of the family. Nobody needed to have big cars and big houses and these items were not necessities but were considered as luxuries.

The above scenarios continued until such time that the country and government of the day could no longer guarantee jobs for the increasingly younger population. At the same time, global recessions forced many firms to go into liquidation and those who had found work in the private sector found themselves being paid redundancy fees or they are out of work altogether because of the bankruptcies. There was thus no other way of earning a living except to be self-employed.

3.4.2 The Migrants: People Destined to be Entrepreneurial

For the migrants, life was already harsh in their countries of origin and they would not have migrated to foreign lands if they were comfortable back home. When they arrived at the foreign lands, they had to turn towards becoming self-employed because many government jobs were closed to them. Their entrepreneurial flair developed and strengthened as a result of the following reasons.

- * The migrants were in a way forced to migrate to other countries because their countries had faced economic slowdowns much earlier in the history of their countries' economies and there was an urgent need for many to migrate, not only to find better incomes but for most, for their survival.

* Many host countries had policies whereby the best jobs in the government were only meant for the locals and the migrants had to work in the fields or mines and be contented with low pay. Hard work meant that there was no time for spending their hard-earned incomes which were saved. Their savings accumulated until such time that they were able to buy their way out and set up whatever small business they could. Because of the hardship that they had faced, it was only customary that members of the family or even their clan helped to protect each other. They look towards business not only as a means of securing a living but also for security.

* Their businesses develop with tremendous successes, where in some countries, they reach a point where they dominate the local economies. Some governments "negotiate" with them whilst others, pestered by the local masses, introduce legislation which not only threaten the migrants, but also, as has been shown to happen in some African countries, force them to sell their businesses to the locals after which they are chased out of the countries. Such was the case when General Idi Amin chased more than 50,000 Asian Indians out of Uganda in August 1972⁹.

Although this research found that there is no shortage of literature on the issue of migrant ethnic entrepreneurship generally, one

⁹Tandon, Y. ; *The Expulsions from Uganda: Asians' Role in East Africa, Patterns of Prejudice*, Vol.6 No.6, November-December, 1972. p.8.

drawback was that not all countries are equally presented in the literature. One similarity amongst the many countries included in this research is that many governments are becoming increasingly concerned with the issue of ethnic minority business. The amount of research in this area is continually being updated as the developing countries realise the importance of indigenous entrepreneurship as one of the forces that can reduce the economic imbalance between the migrant and indigenous population. Where the inequality in the economic situation of the different communities can be balanced, then, no single race can feel they are superior and neither will the other communities feel they are inferior.

Some studies have been done purely for academic, economic or policy reasons¹⁰ whilst others are more related to the often sensitive issues covering race and/or religion¹¹. This is because the members of the ethnic minority business communities almost always come from diverse cultures and religions which are completely alien from the cultures and religions in the country they migrated to.

3.5 THE ISSUE OF MIGRANT AND INDIGENOUS ENTREPRENEURS IN SOME SELECTED COUNTRIES

3.5.1 The Case of Britain

In the case of Britain, the labour shortage in the immediate post-war period was met firstly by volunteer workers from eastern

¹⁰Ward, Robin; *Ethnic Business and Economic Change: An Overview*, International Journal of Small Business, Vol.4, Part 3, pp.10-12.

¹¹Triana, A.R., Weisch, P.H. and Young, B.C.; *Information Search Patterns Among Hispanic Entrepreneurs*, Journal of Small Business Management, October, 1984, pp.39-48.

European countries such as Poland and Italy and in the mid-1950s from the former colonies in the New Commonwealth countries, mostly the West Indies and Guyana, India, Pakistan and Bangladesh. During this period, large numbers of migrant workers also arrived from Ireland in search of work¹².

Table 3.1 shows the total number immigrants in Britain in 1981 who were born in the New Commonwealth and Pakistan, by country of origin.

TABLE 3.1: PERSONS RESIDENT IN PRIVATE HOUSEHOLDS WITH HEAD OF HOUSEHOLD BORN IN THE NEW COMMONWEALTH AND PAKISTAN (NCWP), BY COUNTRY OF ORIGIN

	Carib- bean	India	Pakistan	Bangla- desh	East Africa	Far East	Medit- erranean	Remainder	Total NCWP
All persons									
born inside UK	273,558	261,206	118,252	16,939	48,673	39,742	79,315	67,907	895,592
born outside UK	272,186	412,498	177,209	47,622	132,648	80,381	90,763	98,346	1,311,653
Total persons	545,744	673,704	295,461	64,561	181,321	120,123	170,078	166,253	2,207,245

Source; *Office of Population Censuses and Surveys (OPCS), Registrar General Scotland, Census 1981: Country of Birth, Great Britain, Table 3, HMSO, 1983.*

As can be seen from Table 3.1 above, the different ethnic origins in Britain include Jews, Italians, Greeks and Turks; Indians and Pakistanis Asians; Chinese and Caribbean and African blacks.

¹²Castles, S., Booth, H., and Wallace, T.: *Here For Good; Western Europe's New Ethnic Minorities*, Pluto Press, 1984.

3.5.1.1 The Rise of Migrant Entrepreneurs in Britain

It is not exactly known since when has there been migrant entrepreneurs in the UK. Pollins¹³ noted that there was a continuous Jewish presence in Britain since 1656. During this time, nobody bothered if the Jews set up their own businesses, chiefly because they were not allowed to hold posts or work with the locals since they were Jews and their religious dogma differed.

The Asians and blacks who came in great numbers much later did not appear in the local business scene until the mid-1960s, when many of the original labourers brought into the country were made unemployed because of improvements in technology. This was when manual labour was replaced by automation all over the spectrum of the British industry. The continued arrival of more immigrants from the Third World countries into Britain meant that they were forced to find other sources of income. By that time, many of them had set up their own enclaves of ethnic communities and these enclaves provided the impetus for business growth because they had become a ready market for the ethnic entrepreneurs¹⁴.

The number of migrant entrepreneurs in Britain has been on the increase over the years. Recent figures published by the Commission for Racial Equality¹⁵ in 1985 gave a figure of 2.2 million

¹³Harold Pollins, quoted from Robin Ward; "Diversity in Ethnic Business", *op.cit.* pp.73-88.

¹⁴Waldinger, Ward, R. and Aldrich, H; *Ethnic Business and Occupational Mobility in Advanced Societies*, Sociology, Vol.19, Part 4, 1985, pp.586-597.

¹⁵Commission for Racial Equality (1985); *Ethnic Minorities in Britain: Statistical Information on Pattern of Settlement*; London: Commission for Racial Equality.

minority settlers in the UK, or 4.2 percent of the overall population. Out of this figure, 1.2 million (2.3 percent) are of Asian origin, of whom the Indians comprise 70.4 percent, Pakistanis make up 24.3 percent and a further 5.3 percent from Bangladesh.

Throughout the whole of the UK at present, one can see the presence of ethnic businesses from the Asian-owned grocery and the Chinese take-away to the more successful (and on a bigger scale) wholesale warehouses in the cities such as Bonny Pack and House of Sher in Glasgow and the Shah Jehan in London, to name but a few. The scale of the ethnic owned businesses has now outgrown their humble beginnings so much so that many of them do not fit the category of small business any longer, having achieved successes largely through organic growth. It is not uncommon now to purchase computer hardware or software through mail-order after browsing through a computer magazine only to find that the receipt for the purchase had been signed by a Mr. Singh or Mr. Ching.

In some areas of Britain, much local dissatisfaction towards the success of the minorities in business in one way or another did spark off some ugly confrontations between the white and the migrant shop owner or small business owner. In one incident in the town of Stirling, Scotland, a Pakistani butcher had opened up a shop catering for the meat supplies and oriental spices for the local Muslim and Asian population. Within one month after the shop had been opened, bricks had been thrown at parts of the glass window¹⁶. When Mr. Khaider, the owner turned up to open the shop the next morning, the

¹⁶Interview with Mr. Khaider, owner of the Khaider Oriental Shop, Stirling, August, 1988.

police were already there taking down statements from passers-by.

Other racial clashes between the migrants and the local population also took place which, although not directly caused by hatred towards the success of the migrants, were somewhat related to the economic well-being (or deprivation) of the migrants and ethnic communities. One particular case was the Brixton riots from 10-12 April 1982, during which a policeman was killed by a mob. Even though caused largely by the local resentment against alleged police brutality and the rise in unemployment among the blacks, Lord Scarman, who chaired the committee set up to look into the causes of the disturbance, argued that *"a greater involvement in business would produce more community stability and allow ethnic minorities to feel that they possessed a greater stake in society"*¹⁷.

This type of rioting has largely been contained and very few skirmishes are in fact reported. The main reason for this has been the liberalization of policies and the inclusion of more and more blacks and other ethnic minorities into the business training schemes and the setting up of minority or ethnic sections of the development agencies in the country, such as the Ethnic Minority Business Development section of the Scottish Development Agency based in Glasgow.

Despite the absence of racial enmity between the ethnic minorities and the white population, the general population are becoming more and more aware that the Asians, Jews, Chinese and others had slowly but surely displaced the local white population especially

¹⁷ *The Scarman Report: The Brixton Disorders, 10-12 April 1982*; Pelican, Hammondswoth, 1982, pp. 167-8.

in the small business sector. There is nothing new about this and is especially not confined to Britain only. The trend is the same in all countries where there exists a severe displacement of the local population in active business by the more hard-working and relatively more shrewd minority. The similarity in the growth of ethnic entrepreneurship in the United Kingdom when compared with the rest of the world is that neither did these entrepreneurs share a common race nor beliefs that strengthened their entrepreneurial aptitudes. They were all minorities, and beside them mainly being jobless with no proper source of income, their feelings of insecurity encouraged them towards economic success for their survival and prosperity¹⁸.

3.5.2 ETHNIC MINORITY ENTREPRENEURSHIP IN THE UNITED STATES OF AMERICA: THE CASE OF THE CHINESE AND THE BLACKS

The development of ethnic entrepreneurship in the U.S. has some semblance to that of the U.K. in that the majority of the migrants were encouraged to migrate there (except for the blacks whose ancestors were brought in as slaves) because of the demand for manual labour.

The ethnic population of the U.S. has a much more varied background than that of the U.K., comprising blacks, Puerto Ricans, Mexican-Americans, Hispanics (persons of Spanish origin), Orientals (comprising Koreans, Japanese, Chinese, Filipinos etc.), American Indians, Eskimos and others.

¹⁸Hoselitz, B.F.: *Small Industry in Underdeveloped Countries*, Journal of Economic History 19, (1959). Reprinted in *Development Economics and Policy: Readings*, ed. by I. Livingstone, London: Allen and Unwin, 1980.

Emphasis is placed on the Chinese in this section of the survey on literature because of the need to find the similarities and differences between the Chinese who migrated to Sarawak and those who migrated to the U.S. In the case of the blacks, they have been included in the survey on literature because they have not been as successful as the other ethnic minorities in business in the United States¹⁹.

3.5.2.1 The Chinese in America: Pre-1965

One similarity between the Chinese who have settled in Sarawak²⁰, and those who settled in the U.S. is that they came from roughly the same areas in the southern provinces of mainland China²¹. They first came to work with railroad construction in the middle part of the 1800s. After the construction of the railroads completed and the Chinese labourers were no longer wanted, the slogan "The Chinese must go" sprang all over the country wherever the Chinese were present. Much anti-Chinese legislation was enacted in many states, aimed at restricting Chinese from penetrating into the economic system because by then, many Chinese had indulged in business and enterprise. For instance, the Sidewalk Ordinance of 1870 in San Francisco outlawed the Chinese pole method of peddling vegetables and carrying laundry,

¹⁹A study by David M. Dougherty on black business success and failure indicated that only 40 per cent of black entrepreneurs are successful. Dougherty, D.M.; *A Study of Attitudinal Factors in the Consulting Relationship with Minority Owned Small Business*. American Journal of Small Business, Vol. III, No.3, October, 1978, p.3.

²⁰Chin, J.M.; *The Sarawak Chinese*, Kuala Lumpur: Oxford University Press, 1981.

²¹Lyman, S.M.; *The Structure of Chinese Society in Nineteenth-Century America*, p.193, quoted from Light, I.H.; *Ethnic Enterprise in America*. University of California Press, 1973.

with the pole resting as a fulcrum over the shoulder since the non-Chinese were using carts and wagons to peddle their goods. It is interesting to note that the pole method of peddling goods by the Chinese can still be found in the remote towns of Sarawak such as Kapit and the rural settlements of the Sibu Division.

Resentment against the Chinese in the U.S. culminated in the massacre of Chinese at Wyoming on September 2, 1885 where 28 Chinese labourers were murdered and many others wounded²². The harrassment of the Chinese continued in many other small towns and cities. Light²³, quoting many authors, gave a comprehensive account of the Chinese entrepreneurial attributes in America and found the following characteristics.

3.5.2.2 Self-imposed Segregation

The Chinese segregated themselves into groups or clans based on surnames and the clans were represented by their own district associations. These clannish groupings started as fongs²⁴ and, as they became more established, were restructured into district associations. Some district associations represented only one clan name such as the Yee or the Wong clans whilst others had multiple-family names. In the latter, for example, the Chee Tuck Sam Tuck clan included persons with

²²Wong, B.P.; *Chinatown: Economic Adaptation and Ethnic Identity of the Chinese*, Holt, Reinhart and Wilson, New York, 1982, p. 4.

²³Light, I.H.; *Ethnic Enterprise in America*, Chapter 5; Immigrant Brotherhood in Chinatown, University of California Press, 1973, pp. 81-100.

²⁴A fong means a Sunday grouping, initially started as recreational groupings, which acted as a centre where the Chinese met and discussed issues. These fongs later became the centres of business operations for the district associations.

the surnames Choi, Yeung, Eng, Chiang and Tsao²⁵. This clannish practice by the Chinese is not only confined to the United States alone because even in Sarawak, the local Chinese population have their own separate familial or clannish entities, such as the Heng Huas dominating the fishing sector, the Hakka clan in agriculture, the Hokkiens in grocery and general trading, the Foochows in timber extraction, finance, building hardware and others.

3.5.2.3 The Establishment of *Fongs* and *Tongs*

The *fongs* led to the creation of the *hui* financial system, which has been quoted often as the factor which gave rise to the Chinese entrepreneurial and financial system. Under the *hui* system, credit is rotated to *fong* members who intend to set up a business for nominal charges and a member who borrowed from the *hui* has a moral obligation not only to pay back the whole amount but also to secure employment for a recently arrived member of their clan²⁶. Along with progress and prosperity, there had to be some system of protection of the interests of the district associations and these came in the form of *tongs*, which were secret societies with members having to swear the oath of allegiance and secrecy. Beside paying for the services of youth gangs to police the streets to keep away muggers or to protect such places as gambling dens, the *tongs* also were involved in

²⁵Ching Chao Wu; *Chinatowns: A Study of Symbiosis and Assimilation*. (unpublished Ph.D. thesis, University of Chicago, 1928, extracted from Light, 1973, *op.cit.*

²⁶Light, I.H., 1973 : *Ibid*, p.86.

prostitution and other illicit businesses including drugs²⁷. The rule of law amongst tong members were ruthless and is best summed in the words of Light when he said,

"In the urban Chinatowns, proprietors could hardly fail to fall into destructive internal competition without institutional safeguards against such development.... Hatchetmen policed the streets and Chinese merchants who might otherwise have been tempted to overstep the circumscribed boundaries within which they were permitted to exercise a controlled monopoly"²⁸.

3.5.2.4 Chinese Involvement in Business in the U.S

Chinese district associations expanded, both in area and in membership and they eventually became business and trading houses. Apart from business related interests, the association was also responsible for the welfare and well-being of the members. They designed their own rules governing business and all members were expected to observe these rules strictly, lest they be severely punished or "exiled"²⁹.

One distinct feature of the Chinese who had belonged to the district associations was that each association engaged in a particular line of work, and local memberships were drawn principally from the same surname or district association. Thus, for example, in San Francisco, the Sam Yup company controlled wholesale merchandising,

²⁷Wong, B.P.;1982, *op.cit.* p.23.

²⁸Light, I.H., 1973,; *op.cit.* p.100.

²⁹Mely Giok-Lan Tan; *Social Mobility and Assimilation: The Chinese in the United States*, p.208.

tailoring and the manufacture of shirts, the Yan Wo dominated the laundry business. The Tom family monopolized all hotel labour and in the Sacramento Valley of California, all the Chinese tenant farmers were members of the Yeung Wo Company³⁰. On the whole it was the laundry and restaurant businesses that opened the way for the survival of the Chinese in the U.S.

3.5.2.5 After 1965 Up To The Present

Over the last three decades, the occupational structure of the American Chinese has changed and academic success have turned more and more Chinese from the younger generation into paid employment. On the whole, entrepreneurship has slipped down the ranks of priority amongst the Chinese in America who have resorted to using their professional and other academic qualifications for the glamour of high rise offices and the accompanying high salaries available.

For example, Yuan³¹ cites how advances in the technology of home-appliance brought about changes in the lifestyle of the average American and how independent laundry operators as well as the availability of washing machines in the home brought about a decline to one of the great strongholds of the American Chinese businesses, the laundry business. Even though the Chinese dominated the laundry business in America, this domination, however, was only by big family circles represented in the Yan Wo Company³², and, as Yuan puts it, the Chinese hand laundries will be a thing of the past by the year 2,000.

³⁰Light, I.H., 1973; *op.cit.* p.91.

³¹Yuan, B.T.; *Division of Labour Between Native-born and Foreign-born Chinese in the United States: A Study of their Traditional Employments*, *Phylon*, Vol.30, pp.160-163.

³²See Light; *op.cit.* p.91.

Wong³³ recorded that there has been a decline in the proportion of Chinese business proprietors and owners from 16.6 percent in 1960 to 11.3 percent in 1970. The major reason for this change, according to Wong, is also attributed to the increasingly higher level of academic achievement of the Chinese younger generation.

In general, discrimination against the Chinese in the United States, although mellowed down, did not stop altogether up to the present and is best summed in the words of Dr. Irving Chin, an American-born Chinese-American lawyer who, in 1971, said ;

*".... The American Bureaucracy doesn't recognize us as a minority group. We haven't made it yet. We're not second-class citizens, we're third class minorities. Students who apply for scholarships specified for minorities are told "I'm sorry, you can't apply. You're Chinese, you're not a minority"....."*³⁴.

3.5.3 The Black American People

A statistical census compiled by the Office of Minority Business Enterprise showed that while about 11.1 percent of the American population is black, only about 4 percent of American businesses are owned by members of minority groups³⁵.

³³Wong, Morrison, G; *Changes in Socioeconomic Status of the Chinese Male Population in the United States from 1960 to 1970*, International Migration Review, Vol. 14, 4, p.511-524.

³⁴Chin, I.; *The American Chinese Dilemma*", Bridge Magazine, 1971, Vol.1. Part 2, pp.17-18.

³⁵Office of Minority Enterprise, U.S. Department of Commerce, Access, March-April 1973, Washington D.C., p.3. adapted from Krohn, F.B. and Rogers, D.P.; *An Audience Analysis of Inner City Black Business People*, American Journal of Small Business, Vol.1. No.4, April 1977, p.5.

Unlike the Chinese, who imposed self-segregation on themselves, the blacks were segregated both by the institutions as well as the black business structure itself. Black entrepreneurs catered almost exclusively to personal service functions such as in barbering, accommodations, cosmetics, burial establishments and small-scale retail outlets³⁶. Because of their disadvantaged economic condition, black businesses were forced to become and remain relatively small scale, not being able to generate either huge capital or large-scale employment for the black people.

Studies of black businesses within the black community have shown that³⁷:

- a. whites, and an increasingly large number of Asians, still own a significant majority of businesses in the black community areas;
- b. white and other non-black owners more often tend to reside elsewhere and to hire persons from outside the black community, and,
- c. in general, non-black people continue to dominate the economic life of the black community.

Like the Chinese, black businesses tend to be small, self-owned but not constituting the whole family and are unevenly distributed throughout the U.S. However, unlike the Chinese, the blacks have received more privileges in the form of the availability

³⁶Cross, T.; *Black Capitalism*, New York: Athenum, 1969.

³⁷Aldrich, H.E.; *Employment Opportunities for Blacks in the Ghetto: The Role of White-Owned Businesses*", American Journal of Sociology, 78, May, 1973, pp.1403-1425.

of business loans from the Ethnic Minority Business Development Programme of the Small Business Administration. Nevertheless, whilst failing in business is largely unheard of amongst Chinese entrepreneurs due largely to their close-knit clan and kinship ties, the failure rate amongst black entrepreneurs have aggravated further disaffection towards them and the reluctance of whites in helping them.

A study on black businesses in the U.S. which ended in November 1973 found that, out of a random sample of 555 entrepreneurs who had taken business loans from the Small Business Administration between June 1965 and July 1970, 300 of them had failed and were defaulting payment of the loans. Taking this as representing the attitude amongst black entrepreneurs, it would mean that more than 50 percent of black entrepreneurs will eventually fail³⁸. Perhaps this could explain why, despite comprising 11.7 percent of the population of the United States³⁹, blacks only own 2.3 percent of the number of firms or lesser still, 1.3 percent of the gross receipts of all firms. The breakdown of black representation in business in 1982 is as shown in Table 3.2 below.

³⁸Compare this to Dougherty's study mentioned earlier where he reported that only 40 percent of black entrepreneurs are successful; Dougherty, 1978, *op.cit.*

³⁹U.S. Department of Commerce, Social and Economic Statistics Administration, Bureau of the Census. *Current Population Reports; Historical Statistics of the United States*. 1983.

TABLE 3.2: NUMBER AND GROSS RECEIPTS FOR ALL BLACK-OWNED FIRMS BY INDUSTRY DIVISION

Industry Division	Total Number of firms (x1000)	Black-owned firms	Percentage of black firms	Gross Receipts- all firms (in billions \$)	Gross Receipts black-owned firms
Construction	1,107	21,101	0.2	72.6	757,690,000
Manufacturing	207	4,243	0.1	38.5	613,665,000
Transportation and public utilities	419	23,061	5.5	22.8	509,443,000
Wholesale trade and retail	2,600	57,640	0.2	294.4	4,016,383,000
Finance, insurance and real estate	1,404	9,805	0.7	66.6	641,372,000
Selected services	3,623	101,739	2.8	120.1	1,889,534,000
Other and not- classified industries	393	13,614	3.4	21.2	117,112,000
Total	9,833	231,203	2.3	633.1	8,645,200,000 (1.3% of total)

Source: U.S. Department of Commerce, Minority Business Development Programme, 1982.

3.5.3.1 CAUSES OF HIGH INCIDENCE OF FAILURE AMONG BLACK ENTREPRENEURS

The high incidence of failure among black entrepreneurs has led to many studies being done to find the causes⁴⁰. The following points have been deduced from the studies and they do contribute in one way or another to the high failure rate among black entrepreneurs.

- a. It has been shown that discrimination by whites against black businesses does not cause or lead to the failure of black entrepreneurs. The real cause of failure has been narrowed down

⁴⁰ - Myrdal, G.: *An American Dilemma*, New York: Harper and Row, 1944, pp.308-316.
- Collage. R.S.; *Closing Down on Crime*, Black Enterprise, April 1982, pp.39-46.

to black attitudes and values, and these are due to the cultural differences between blacks and whites⁴¹. This has been illustrated by the fact that other minority groups who have suffered substantial discrimination, such as the Jews and Chinese, have achieved more successes than the whites themselves. As an indication, the percentage of Chinese-Americans who are college teachers, physicians, dentists or engineers is higher than the percentage for whites⁴².

- b. The issue of high ghetto crime rates have caused insurance premiums to rise considerably. The small business entrepreneur has to come up with additional insurance premiums to cover the possibilities of loss of lives and property through crime. One Small Business Administration (SBA, U.S.) survey revealed that black small business account for about two-thirds of all losses from robberies, and that the armed robber of a business premise leaves one in five of his victims either fatally wounded or physically injured⁴³.
- c. Although American businesses as a whole are compelled to spend more for crime prevention, the blacks are the most severely affected and have to pay higher fees than the whites. Whilst white entrepreneurs can spare the difference and reinvest into business activities, to the blacks, this meant additional capital costs.

⁴¹Wilson, J.Q.; *Thinking About Crime*, New York: Random House, 1975, p.32.

⁴²Glazer, N.; *Ethnic Dilemmas, 1964-1982*, Cambridge, Massachusetts; Harvard University Press, 1983, pp. 191-192.

⁴³Collago, R.G., 1983, : *op.cit.* 1983, pp.39-46.

- d. Coupled to the above, customers shy away and do not patronize black businesses because of the perceptions of high rates of criminal activity. When compared to the Chinese who had engaged the services of members of their tongs many years before to patrol their business enclaves, the blacks have only recently set up their own vigilante patrols and even then these are not specifically meant to protect the business houses, they only protect the neighbourhood⁴⁴.
- e. Another factor which has been associated to failures in black enterprises is the quality and quantity of education attended by the black entrepreneur. Glazer observed that "*....from 1966, one-third of observed occupational differences between the blacks and whites were attributable to years of formal schooling*"⁴⁵.

In another study by Coles⁴⁶, it was concluded that many Black business failures in the United States could be linked to deficiencies in managerial and marketing abilities and an absence of specific technical skills. Similarly, a study on 100 black business failures by Strang⁴⁷ showed that the lack of managerial ability was the prime cause of their failures.

⁴⁴Collago, R.G., (1983), *ibid.*

⁴⁵Glazer, N., 1983, *op.cit.* p.188.

⁴⁶Coles, Flourney, *An Analysis of Black Entrepreneurship in Seven Black Areas.* Washington, D.C.; The National Business League, November 1969, pp.44-65.

⁴⁷Strang, William; "Minority Economic Development: The Problem of Business Failures," Law and Contemporary Problems, Vol.26, Winter 1971, pp.119-135

Closely related to managerial competence are the characteristics of the venture itself. Strang's study further pointed to inadequate budget and financial procedures as a significant cause of business failure. Dun & Bradstreet have concluded that undercapitalization and similar financial weakness is the second leading cause of business failure. In their analysis, only managerial inexperience ranks higher.

3.6 MIGRANT AND INDIGENOUS ENTREPRENEURSHIP IN SOME AFRICAN COUNTRIES

The situation in many African countries bears many similarities to Sarawak when it comes to discussing about the development of indigenous entrepreneurs. This is because, like Sarawak, many African countries face the same situation where the local indigenous population are far behind in economic development when compared to the immigrant population that have settled in these countries. The major difference here is that the migrant population in the African countries referred to here are the Asian Indians and Pakistanis (with some exceptions, such as the Lebanese in Nigeria) whereas the indigenous population are the African black overall.

Although it is understood that there is a Chinese presence in these countries, the number must be nominal because a survey of the literature did not reveal any mention of Chinese entrepreneurs even though queries made to some African students met in the U.K. did reveal the presence of Chinese there who operate groceries and corner shops.

In the West African countries such as Nigeria and the Ivory Coast, the Lebanese (or "levanites" as they are called locally) have dominated the economic scene for a long time, whilst in the East African states of Kenya, Sudan, Botswana and Uganda, the Asians are economically superior even though they only represent a small proportion of the population. In Botswana for example, the Asians only represent 5 per cent of the total population. Their presence in the East African states were so powerful that when Idi Amin chased them out of Uganda in the middle of the 1970s, the Ugandan economy collapsed and until today, the country is still reeling from the after effect of the mass exodus of the Asians.

Direct government intervention like that happened in the African countries has some semblance to the case of the Malays in Sarawak, if not for the tone of the intervention. The strength of the Chinese in the economy has ensured that whatever decisions are made by the government, negotiations and give-and-take is the rule of the day whereas in Africa, it is not uncommon to hear of deliberate attacks on the migrant entrepreneurs even by the government itself⁴⁸.

The following extract from *African Business* shows the all too familiar situation the migrants have faced in some African countries.

"Hundreds of Asians have escaped from Madagascar after a series of disturbances aimed at the Indian and Pakistani business community in Antsirabe and other southern regions. According to Interior Minister Amby Portos, 220 shops and

⁴⁸Such as the ouster of more than 50,000 Asians from Uganda in 1972, mentioned earlier.

houses were looted and 43 properties destroyed during the riots. ... During the riots, many Asian businessmen and their families took refuge in mosques and military camps. At least 600 immediately applied for exit visas...."⁴⁹

One particular semblance that these African states have to the situation in Sarawak is the fact that many economic activities that have been set up to specifically help the indigenous entrepreneurs are being run by the public corporations or the parastatals⁵⁰. Originally, one reason for this was the uncertainty put in by the government about the ability of indigenous businessmen to run other than very small businesses. Some indigenous businessmen were deemed incapable of running them, and the only alternative seemed to be to get the state involved. This largely happened in Tanzania and Zambia. The SEDC in Sarawak operates along similar lines.

Some governments like Tanzania and Zambia have deliberately discouraged the emergence of private African entrepreneurship when earlier indigenous entrepreneurs failed in their ventures⁵¹. On the other hand, in the other African countries like Nigeria and Kenya, the governments there have not ceased to increase help in these areas and have taken steps to promote more indigenous enterprise. For example, in Kenya in the early 1960s, the state provided finance to enable the more enterprising indigenous population to buy European-owned farms.

⁴⁹Asians flee as disaffection mounts, African Business, May 1987, pp.15-16.

⁵⁰Elkan, W; *Entrepreneurs and Entrepreneurship in Africa*, Research Observer, Vol.3 No.2 July 1988, p. 178.

⁵¹Elkan, W.; 1988, *ibid.*

At the same time, pressure was imposed on the Asians who, not wanting to stay when the economic environment became more unfavourable and more hostile to them, sell their businesses to the local African⁵².

In spite of this, much of the literature that has been written about the the situation of indigenous African entrepreneurship has presented a gloomy and negative picture. The following passage from a 1965 study of 269 leading ethnic businesses in Nigeria was quoted in Kilby⁵³ and reflects the feeling of the writer that the Nigerian indigenous entrepreneurs were not competent in business. It is produced here as a fairly typical view of indigenous entrepreneurship in Africa in the 1960s and 1970s as a whole;

"Most of the firms were one-man operations. When the business expands beyond the point that the owner can control everything himself, serious problems are encountered. The ability to delegate responsibility and authority, while still keeping control, is generally lacking. Admittedly, it is difficult to find capable subordinates and managers in Nigeria, but little has been done by these entrepreneurs to train and develop such personnel. Several cases were encountered of successful small firms foundering badly after major expansion"⁵⁴.

⁵²Hazelwood, A.; *The Economy of Kenya: The Kenyatta Era*, Oxford: Oxford University Press, 1979, pp. 32-34.

⁵³Kilby, 1971, *op.cit.*

⁵⁴Harris and Rowe, quoted in Kilby 1971, *op.cit.* pp.31-32.

Although this was (and in many instances, still is) a commonly expressed view of African entrepreneurship, it is not universally true. In a study involving West African entrepreneurs, Bauer(1954) wrote the following: *"The general impression I formed was always the same: exceptional effort, foresight, resourcefulness, thrift and ability to perceive economic opportunity"*⁵⁵. In another study involving Nigerian entrepreneurs, it was found that the ethnic Nigerians tended to be *"responsive to the possibility of gain and [ready] to pursue economic advantage vigorously and strenuously, flexible and venturesome, willing to seek far and wide and to take risks in the quest for profit...."*⁵⁶.

Elkan concluded his study on African entrepreneurship making assertions that *"....the fear that Africa lacks the indigenous entrepreneurship for successful industrial development is misplaced"*⁵⁷. More and more indigenous Africans have gone into business and the scale of entrepreneurship penetrated by these Africans range from petty-trading to the industries and manufacturing.

3.7 MIGRANT CHINESE ENTREPRENEURSHIP IN INDONESIA

3.7.1 Chinese Presence In Indonesia

There have been Chinese presence in Indonesia (and the whole of South-East Asia, for that matter) for centuries, but the main flood of Chinese immigration only began towards the later half of the 1880s.

⁵⁵Bauer, P.T.; *West African Trade*, Cambridge: Cambridge University Press, 1954, p.63.

⁵⁶Schatz, S.P.; *Nigerian Capitalism*. Berkeley: University of California Press, California, 1977, p. 95.

⁵⁷Elkan, W., 1988: *op.cit.*

Available written records of Chinese migration to Indonesia date back to the early 1700's and show that most of the early Chinese came not as traders but more to work as coolies. The first group of Hakka and Kheh Chinese travelled first to West Borneo, and later to east Sumatra and Billiton and Bangka⁵⁸. Like the U.S. and Malaysia, the Chinese in Indonesia are also from the southern provinces of China. Rapid local economic development led to the importation of Chinese labour which was much in demand then to work in the expanding mines (usually tin and coal) and plantations. Although the Chinese constitute 30 percent of the whole population in Sarawak (or 34.5 percent for the whole of Malaysia), in Indonesia, they form only 2.6 percent of the total population. Table 3 below shows the total number of Chinese in Indonesia up to the end of 1981.

TABLE 3.3: TOTAL CHINESE POPULATION IN INDONESIA, 1981.

Ethnic Chinese	Total Population	Percentage Chinese
3,922,000	150,831,000	2.6

Source: Preliminary Census, 1980, (projected to 1981) Kompas, Jakarta, 1 Dec. 1981.

The above figures do not include non-Indonesian Chinese, who number as follows:

- * 914,111 Chinese citizens of the Chinese People's Republic
- * 122,013 Chinese classified as "stateless" and,
- * 1,907 Chinese who had acquired Taiwan citizenships but still not officially migrated to Taiwan⁵⁹.

⁵⁸Purcell, Victor: The Chinese in Southeast Asia, Second edition, Oxford University Press, London, 1964, p.387.

⁵⁹This statistic is valid up to end of 1981, *ibid.*

3.7.2 Chinese Entrepreneurship in Indonesia

Although no official figures are compiled as to the actual number of Chinese who are in business in Indonesia, it has been estimated that, even though they only form 2.6 percent of the population, they control between 30-40 percent of the national economy of Indonesia⁶⁰. The main reason for the lack of articles written on Chinese entrepreneurship in Indonesia is because under a Presidential Decree in December 1968, all people of Chinese origins were forced to change their names to Indonesian names when citizenships were issued to them. It becomes impossible to identify whether an entrepreneur is really a Chinese or an Indonesian *pribumi*⁶¹.

Like Chinese migrants in other countries elsewhere, the early Chinese who migrated to Indonesia were also identified into dialect groups but these are now fading. Nevertheless, various Chinese groups are still identified in specific trades, for example, the Hoktjia are associated with banking, the Hsinhua with bicycles or motor-cycles and the Kongfu with carpentry.

Since the beginning of the 1980s, the Indonesian Government has realised the need for economic expansion and growth of small business in order to raise the economic base of the country. Towards this end, the government has sought to introduce more liberal policies aimed at encouraging the Chinese to trade more freely, although partnerships with the locals, similar to the *Ali-Baba* partnership in Malaysia have been preferred. At the same time, the Chinese have been

⁶⁰Shaplen, R.; *Time Out of Hand*, Harper and Row, 1969.

⁶¹The term "*pribumi*" as used in Indonesia is the same as "*bumiputra*" in Malaysia. Both meaning "the indigenous".

allowed to sought the help of the Chinese in the neighbouring countries such as Malaysia, Singapore, Hong Kong and also the Japanese⁶².

The Indonesian Chinese business community did not escape the persecutions and harrassment from discrimination that has been common to overseas Chinese wherever their economic successes threatened the local ethnic population, only that they have been more unfortunate than the Chinese in other countries. Although largely liberalized, most of the Chinese in Indonesia are continually harrassed, especially in the outlying settlements in the islands. For example, Robert Shaplen, who was a journalist from *The New Yorker* covering the unsuccessful Communist coup in Indonesia in 1965, wrote of the plight of the Chinese in the following words:

*"All (the Chinese) had become the scapegoats of Suharto's New Order. Although they had proved themselves virtually indispensable as skilled workers, merchants, middlemen and money-handlers, controlling somewhere between 30 and 40 percent of the national economy, they had been pilloried in the wake of the attempted coup because of Peking's involvement in the coup. The attacks against them represented a continuing emotional outlet for the pent-up Indonesians although they had generally accepted the presence of the Chinese in Indonesia as a commercial and financial necessity. As many as 20,000 Chinese are estimated to have been executed after the coup"*⁶³.

⁶²Jenkins, D.; *The Jakarta Solution*, Far Eastern Economic Review, 21, September, 1993.

⁶³Shaplen, 1969, *op.cit.*

Anti-Chinese demonstrations in Indonesia, which had been taking place largely in Jakarta since early 1967 heightened and became serious in January 1968 when Chinese shops were ransacked and their owners beaten, many seriously, after an Indonesian soldier was killed by a group of local Chinese⁶⁴. Even the Chinese embassy in Jakarta was attacked and some of the staff suffered injuries.

In an effort to reduce the tension between the Chinese and local Indonesians, the government introduced measures aimed at assimilating the Chinese into the mainstream Indonesian culture. One of them was the Presidential Decree enacted in 1968 which required Chinese who were applying for Indonesian citizenship to change their names to sound like Indonesian names mentioned earlier.

Like Malaysia, the Indonesian government has responded to demands by the *pribumi* business interests for a larger slice of the economic cake. Presidential decrees in 1979-80 give preferential treatment in several economic sectors to what is euphemistically described as "the economically weaker group". Although the government had denied that the decrees are racist or discriminatory, the intention is clearly to favour *pribumi* entrepreneurs.

3.8 SUMMARY

This chapter has highlighted the issue of migrant and indigenous entrepreneurs and entrepreneurship in other countries, as well as highlighting the often hostile reception that the migrants had

⁶⁴Mabbett, Hugh, and Mabbett, Ping Ching; *The Chinese Community in Indonesia*, in Minority Rights Group, Report No.10., Revised 1982 edition, London, 1982, p.11.

to endure. Wherever one conducts research on migrant and indigenous entrepreneurship, the story is the same everywhere, that is;

1. immigrants arrive in numbers, either "pulled" into the new environment to solve demands for labour or "pushed" from their own homelands because of hardship and poverty at home
2. some of the immigrants find themselves unemployed either because of redundancy or there were just too many of them and resort to petty business or trading as a source of income, thus, fitting the description of Harre's Situation-Act Model
3. because of the pressure to work hard for their survival, they become successful economically and gradually take control of the local economies and, in many countries (like the case of Sarawak, Kenya or the Sudan) the whole economy. This is reminiscent of Profesor Everett Hagen's thesis that the disparaged migrant will eventually resort to commerce and excel in the process because that is the only option available to them in their quest for survival. This process leads to their economic superiority over the years, something which threatens the position of the indigenous in the countries they settled
3. the host governments, wary of the negative repercussions on their political stance being threatened as well as facing continous pressures from their own folk, realise the conse-

quences of the rise in economic inequality between the locals and the migrants. This lead to the drafting of policies intended towards affirmative action, such as the NEP in Malaysia, Indigenization of Businesses in Nigeria and the *Pribumi* Policy in Indonesia

4. conflicts and clashes often occur, some leading to loss of life and property, such as the Kuala Lumpur May 13 Incident in 1969, the Jakarta riots of 1967 and 1968, the Madagascar riot of May 1987, Idi Amin chasing Asians from Uganda, and the uncharacteristic Fiji Military Coup of 1987 which broke out because of loss of power on the part of the ethnic Fijians to the economically powerful local Indian population.

5. some immigrants leave for other countries whilst the majority stay and compete, or, depending on how liberal the policies were, complement the locals. In the countries, where peace and stability can prevail for many years, assimilation of the migrants into the local cultures (where this has been encouraged) eventually lead to the diffusion of tension between the migrant and indigenous population.

CHAPTER FOUR

SARAWAK : THE COUNTRY AND
ECONOMY AS THE BACKDROP TO
ENTREPRENEURSHIP FOR THE
MALAYS AND CHINESE

CHAPTER FOUR

SARAWAK: THE COUNTRY AND ECONOMY AS THE BACKDROP TO ENTREPRENEURSHIP FOR THE MALAYS AND CHINESE

4.1 INTRODUCTION

This study continues with a description of the State of Sarawak as a backdrop for entrepreneurship to both groups in this study, that is the Malays and Chinese. The chapter presents to the reader the facts; its geography, economy, political and social composition and its population characteristics. The chapter also presents the position of the Malays and Chinese in the country at present.

Sarawak is one of the 13 states in the Federation of Malaysia and, together with Sabah, conveniently makes up the two East Malaysian states located in Borneo. The other two countries that border Sarawak are Brunei and the Kalimantan region of Indonesia (see Map 3 on page 100).

4.2 THE OVERALL ENVIRONMENT

The economic, political, social and cultural milieu of the country in which an entrepreneur performs his business activities is bound to impinge on the way his company or enterprise performs. The level of competition will affect profit margins, the degree of efficiency demanded, and again the attitude towards business on the whole.

The political situation of a country is often important to companies in developing countries and Sarawak is no exception. The

most basic prerequisite is political stability, because, without political stability, the confidence of both the local entrepreneurs and foreign investors in their investment will be shaken and any loss of confidence in the political stability will make investors bring their money and investment elsewhere. An example of what can happen if there is no political stability in a country is portrayed by what happened in Madagascar in May 1987 as mentioned in the previous chapter, when Asian (Pakistani and Indian) businessmen fled the country in the wake of racial riots, something which the political system in the country could not solve for a long time¹. At the other extreme, such situations could be caused by the government itself, such as what happened to Idi Amin's Uganda when he expelled more than 50,000 Asians from Uganda, most of whom were business and property owners².

The tensions of political instability can disrupt commercial activity and may be felt within the business community with much apprehension. This will affect the way individuals react to each other, and thus, the calm among businessmen which had all the while prevailed becomes shattered and suspicions abound.

For Sarawak, however, the country has had political stability since Sarawak gained independence through Malaysia in 1963. Even when Peninsular Malaysia was rocked by the May 13 incident, the racial riots there did not spread to Sarawak and there was calm and peace throughout. The multi-racial population of Sarawak has been

¹Asians Flee as Disaffection Mounts, African Business, May 1987, pp.15-16, op.cit.

²Tandon, V.; The Expulsions From Uganda: Asians' Role in East Africa, Patterns of Prejudice, Vol. 6 No.6, Nov-Dec. 1972, pp. 3 to 25.

more peaceful than in the peninsular and whatever grievances that the different races harbour against the other races have been mostly aired in the media, notably the local newspapers, or voiced openly by the Chinese through their elected representatives in the Legislative Assembly. It can be quite interesting to see how the Malays and Chinese throw claims and counter claims at each other and when one race makes statements, the other race would hit back with counter statements, and in the end, restraint and common sense would prevail. The present government of Datuk Patinggi Tan Sri Haji Abdul Taib Mahmud, the Chief Minister of Sarawak has also been receptive and attentive to the grievances made by the Chinese against the special treatment of the Malays. Even though being discriminated against, the Chinese entrepreneurs, and the whole of the Chinese community for that matter, are relatively satisfied with the share of the State's economy they are getting as much as they are happy with the administrative and governmental power-sharing that they are enjoying.

Even though Sarawak is only one of the thirteen states of Malaysia, and that the federal government oversees all development and expenditures, the state government runs the country semi-autonomously. Both the state as well as federal authorities are involved in policy making towards the achievement of the NEP objectives, so entrepreneurial development of the Malays as well as the Chinese are dictated by the policies and involvement of the government. What is happening to Sarawak is in fact synonymous to all Third World Countries, that is the involvement of governments in the overall performance of the economy by distributing the wealth of the state by means of programmes and policies which ensures that the disadvantaged entrepreneurs

from the minority groups are given the chance to participate in business, albeit under a protective environment.

4.3 Brief History

Sarawak was once a territory of the Sultanate of Brunei (pre 1843). It was the quick and smart wits of Sir James Brooke, who was a former officer in the British Royal Navy which led to various negotiations with the then Sultan of Brunei on the suppression of piracy and rebellion which eventually created Sarawak as an independent State, with Brooke crowning himself as a Rajah. The Brooke family ruled Sarawak for more than one hundred years from 1843 up to and after the outbreak of the Second World War, after which the country was handed over to Her Majesty's Government and Sarawak became a British Protectorate. Then, when Malaya became independent in 1957, Sarawak, along with Sabah (then known as North Borneo) seized the opportunity and became independent by joining Malaya to become the Malaysian federation in 1963. Both Sarawak and Sabah, being in Borneo, are separated from Peninsular Malaysia by the South China Sea, which, at its narrowest, spans 480 miles.

4.4 Size and Infrastructure

With an area of 124,500 square kilometers, Sarawak is the biggest state in the whole of Malaysia. Even though the State is almost as big as the whole of West Malaysia (which is further divided into 11 States), the infrastructure and communication networks is still relatively poor when compared to Peninsular Malaysia, with many areas accessible only by dirt tracks and gravel roads and with rivers still playing a major role in the transport of goods and people.

The major road linking Kuching to Miri, which is a mere 400 miles is still not fully covered with bitumen; wet and muddy during the rainy seasons and dry but dusty during the rest of the year. The federal government has promised to have the whole stretch of this road tarred by 1993³. The pattern of poor communication is perhaps the major reason why the population is concentrated in the urban centres of Kuching, Sibul, Miri, Limbang, Bintulu, Kapit and Sarikei.

4.5 The Government and its Administrative Machinery

Being a democratic country but ruled centrally under a constitutional monarchy system of parliament based in Kuala Lumpur, Sarawak has its own *Dewan Undangan Negeri* (or State Legislative Assembly) consisting of 48 elected assemblymen, representing 48 electoral constituencies throughout the State. Provisions have been made through Parliament for the number of constituencies to be increased to 56 by the next elections, expected to be in 1992. The State has a *Yang DiPertua Negeri* or more commonly known as the Head of State, (formerly assuming the title of Governor) who is appointed by the King in Kuala Lumpur. This is only a titular position and the *Yang DiPertua Negeri* sits for a five year term.

At the head of the government is the Chief Minister who is also the Director of Operations for the whole State. The appointment of the Chief Minister is similar to most political systems in the democratic world whereby the leader of the party with the most number

³Datuk Sany Vellu, then Minister of Public Works, released the statement in a press release in Kuala Lumpur, captioned *Trans-Borneo Highway Ready by 1993*, June, 14 1989.

of seats will assume the role of Chief Minister. However, in the case of Sarawak, since Malaysia's official religion is Islam, the constitution specifically states that either the Chief Minister and/or the Head of State must be a Muslim.

4.6 Administration of the State

Sarawak is administratively divided into nine separate Divisions with each Division having one major town functioning as the divisional or administrative centre for each division (See Map 3). The way the Divisions are managed still bear much resemblance to the previous British administration where Residents are the head in every Division, the Residents in turn being assisted by District Officers and Sarawak Administrative Officers. Each community in the regions have their own *Pemanchas* (Chieftains) or in the case of the Chinese, the Kapitans.

The mode of administration is that of power-sharing among all races. The Chinese, Malays and Dayaks are to be found in all levels of the government offices, from ministerial posts to the departmental level. There are Malay, Chinese and Dayak ministers in the state Cabinet. The Chief Minister, who is a Malay/Melanau, has two deputies, one Chinese and one Dayak.

4.7 The People of Sarawak

Sarawak has a population of approximately 1.634 million people⁴ spread throughout the country, with the main concentration found in and around the Kuching Division, which has a population of

⁴Statistics Department: as published in the Sarawak Tribune 17.2.1989.

about 315,000 people⁵. The country's population density is still very low, at about 15 per square kilometer.

In 1980, the population census of Sarawak showed that the population was 1.3 million people. Of this total, the Malays in fact only form 20 percent (out of the 70 percent *Bumiputras*) whilst the Chinese make up 30 percent. The rest of the population of roughly 50 per cent or around 642,000 people (1980 figure) constitute the other *Bumiputras*, with the Dayaks forming the majority. As has been mentioned in Chapter One, there are 28 different ethnic races who make up the *Bumiputras* in Sarawak as specified in article 161A (7) of the constitution of Malaysia of 1963, and they are the Bukitans, Bisayahs, Dusuns, Sea Dayak, Land Dayak (now known as Dayak and Bidayuh), Kedayan, Kelabit, Kayans, Kenyahs (including Sabups and Sipengs), Kajangs (including Sekapans, Kejamans, Lahanans, Punans, Tanjongs and Kanowits), Lugats, Lisums, Malays, Melanaus, Muruts, Penans, Sians, Tagals, Tabuns and Ukits.

An overall breakdown of the population distribution is shown in Figure 4.1. Nevertheless, even though the Malays only form 20 per cent of the population, they are more involved in business than the other *Bumiputras* after the Chinese. The main contributory factor for this has been the nature of their demographic distribution and concentration, where they are more likely to be found around the fringes of the major towns, as compared to the Dayaks, who, only until as recently as the mid-1970s are starting to leave their purely rural settlements and move into the towns. Thus, when the government was seriously encouraging business involvement among the *Bumiputras* with business development programmes and assistance from mid-1970s to the

⁵ *Ibid*: estimated up to January, 1989.

present day, the Malays had benefitted most because of their closeness to resources and the flourishing trade that existed in these major towns. The latest breakdown of population proportion for Sarawak is shown in Table 4.1.

TABLE 4.1: POPULATION OF SARAWAK (1980 CENSUS)

<u>Ethnic Group</u>	<u>'000</u>	<u>%</u>
Malay	257.8	20.0
Melanau	75.1	5.2
Iban	396.3	30.0
Bidayuh	107.5	8.2
Other Indigenous	69.1	5.3
Chinese	385.2	30.0
Indians	3.3	0.2
Others	13.3	1.0

Total	1,307.6	100.0

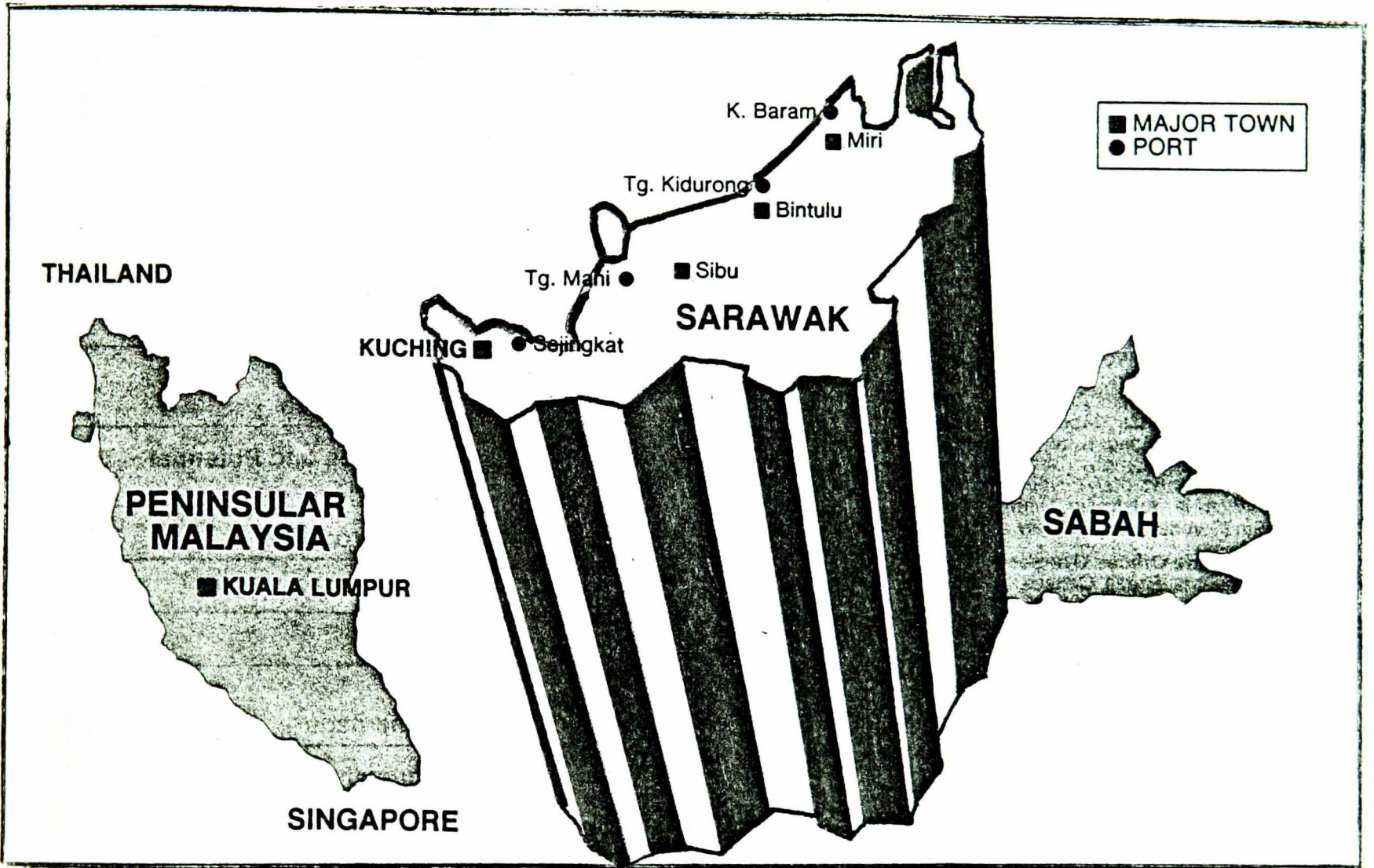
Source: *General Report of the Population Censuses, 1980*. Vol.1, Kuala Lumpur.

TABLE 4.2: BREAKDOWN OF PROPORTION
SARAWAK POPULATION - 1986

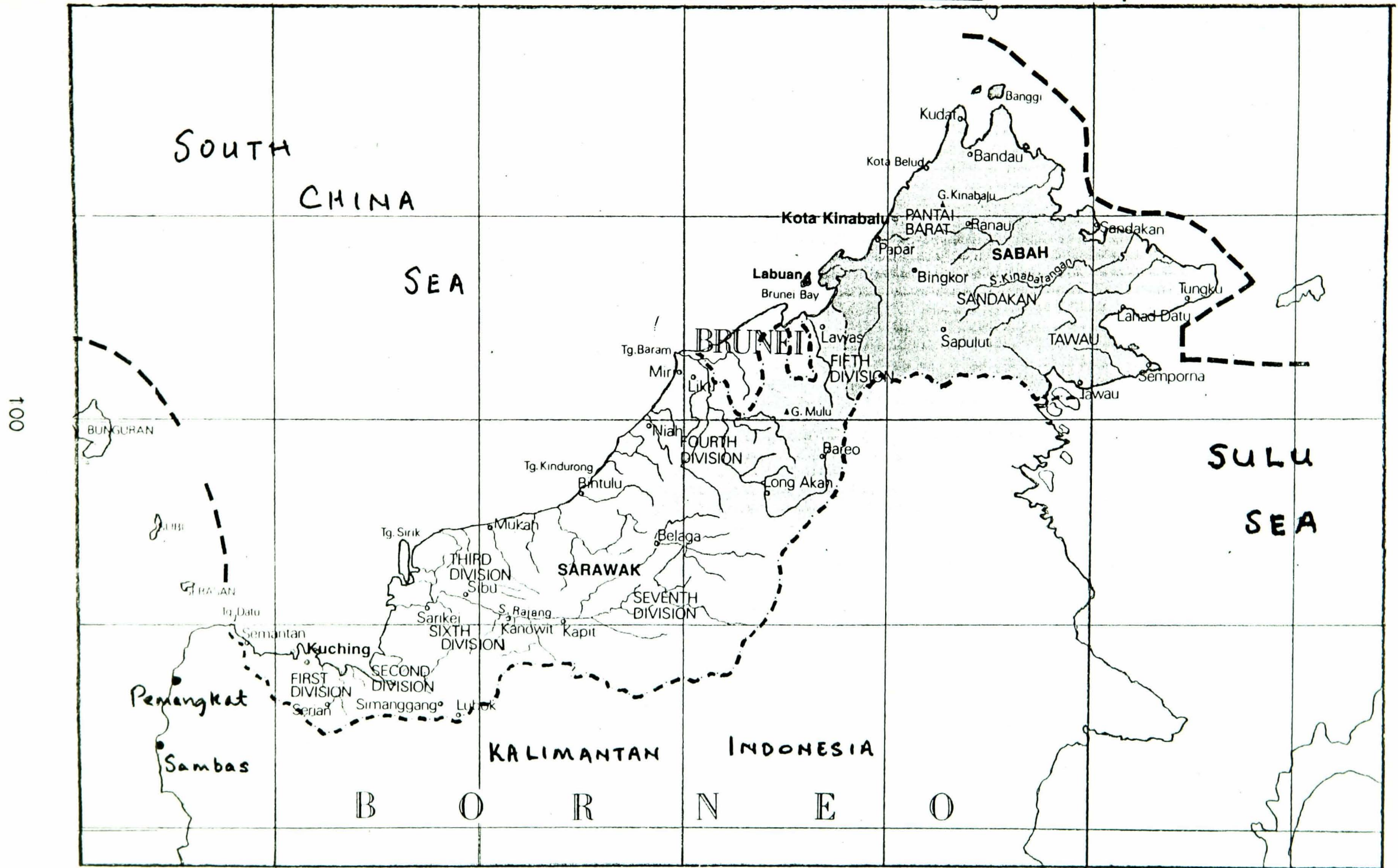
Iban	-	29.6%
Chinese	-	29.3%
Malays	-	20.5%
Bidayuh	-	8.3%
Melanau	-	5.7%
Others	-	6.6%

MAP 2 "

SARAWAK WITHIN MALAYSIA



MAP 3: SARAWAK: LOCATION OF MAJOR TOWNS AND DIVISIONS



In 1971 the Chinese made up 33 percent of the state's population and the Malays then comprised 19.2 percent. The past two decades has seen a drop in the overall proportion of the Chinese whereas for the Malays, their percentage has increased. This has been attributed to the drop in the birth rate of the Chinese, whereas for the other races, there were increases of between 4 percent (for the Melanaus) to 19 percent (for the Iban). The Chinese birth rate has dropped by 10 percent over the 1980 figure whilst for the Malays, their birth rate has increased by 13 percent. The drop in population ratio for the Chinese has also been caused by two factors, viz., an increase in emigration and a drop in the size of the average Chinese family, from 6.8 in 1972 to 4.7 in 1987. Most of the early emigrants were the educated Chinese but lately, more and more Chinese businessmen and entrepreneurs have also emigrated, mostly to Australia and Canada. Statistics on emigration are classified and strictly confidential, so they are not available for inclusion in this thesis, but it is generally accepted that every year, as many as 500 Chinese apply for exit visas for emigration, the most favoured destination being Australia⁶.

TABLE 4.3: BREAKDOWN OF BIRTH RATE BY RACE - SARAWAK
1986 over 1980

Iban	-	Up	19%
Malays	-	Up	13%
Bidayuh	-	Up	5%
Melanau	-	Up	4%
Chinese	-	Down	10%

⁶See Appendix 7 for a typical advertisement on business emigration services whose targets are mostly the entrepreneurs.

For Sarawak, however, one of the objectives of the NEP has partly been seen as successful, and this is in the area of eradication of poverty, irrespective of race. The number of people on the poverty line income has been reduced greatly since 1970, when the poverty level then was 49.3 percent but in 1984, this has dropped to 18.4 percent⁷. The current poverty line for a family of five in Sarawak is M\$384. This calculation of the poverty line, however, has been criticised by Malay academics because the calculation has been made on rural against urban households, and these critics claim that the figure is not representative of the rural population, who are mostly *Bumiputras*, compared to the urban population, who are mostly Chinese. The *SERU* calculation for 1984 shows that 46 percent of families out of the 18.4 percent who live below the poverty line mentioned above are farming families. In the country at present, poverty is highest among the Bidayuh community at 67 percent. There are 36,000 rural households engaged in shifting cultivation, planting padi as their main economic activity and this mostly comprise the group "Others" in Table 4.2 above.

4.8 THE SARAWAK ECONOMY: PROBLEMS AND PROSPECTS FOR THE SMALL SCALE ENTREPRENEUR

The strength of the Sarawak economy has always been its natural resources. The state's main products are gas, petroleum and

⁷The poverty line income is defined as an income sufficient to purchase a minimum foodbasket to maintain a household in good nutritional health, and the conventional need in respect of clothing and footwear, rent, fuel and power, transport and communication, health, education and recreation (*SERU - Prime Minister's Department*)

timber. The state used to be the world's largest producer of pepper at one time⁸, with peak harvests reaching as much as 30,000 tons per year in the early seventies but price fluctuations, coupled with the opening up of huge areas of pepper vines in Brazil has made the cultivation of pepper unattractive to the local farmers and smallholders. It was not until June 1985 when severe flooding in Brazil destroyed thousands of hectares of pepper vines there and caused the price of pepper to double again when interest in this crop resumed.

Total exports for Sarawak for the period 1980-86 increased by \$2.601 billion while total imports over the same period increased by \$1.011 billion. The mainstay of the economy is in gas and oil production. As at January 1, 1986, proven gas reserves in Sarawak is estimated at around 23.9 trillion standard cubic feet. Oil is also found in abundance in Sarawak, the bulk of it being located off-shore. The current reserves of petroleum is estimated to be 833 million barrels. Currently, oil is being produced at daily production rates of 130,000 to 150,000 barrels per day, so, at this rate of production, the state is expected to continue enjoying the riches brought about by petroleum for another 20 years or so.

The other asset of Sarawak lies in the forests, and logging activities in the country has been the subject of much international outcry, especially by environmentalists who claim that the rainforests of Borneo where Sarawak is located, is being depleted too fast. About 9.4 million hectares of the country is covered with forest. On a self-sustaining basis, Sarawak's forests can produce

⁸Sarawak's record as the world's largest producer of pepper berries was only broken in 1977 by Brazil (Source: Lada. Pepper Marketing Board Newsletter, April, 1989).

around nine to 10 million cubic metres of logs annually and timber exports still account for up to 20 percent of total export value.

It is only recently that entrepreneurs engaged in small scale businesses have been encouraged to participate in saw-milling and other activities which turn logs into value added products. The timber industry in Sarawak has been the domain of medium and large scale businesses for a long time. Small business entrepreneurs were discouraged from entering the scene mostly because these large scale entrepreneurs also supply the local market and the stiff competition that is created in the home market makes it impossible for the small businessmen to survive and participate competitively. The STIDC⁹, which is the sole authority looking after forestry and logging activities in Sarawak, has set up its own small business and *Bumiputra* sectors, to look specifically into these two areas. Prior to the setting up of these two sectors, all entrepreneurs regardless of size were grouped together and this did not provide the chance for small entrepreneurs to compete actively.

4.9 ECONOMIC MATTERS RELATED TO ENTREPRENEURIAL ACTIVITY

There are several sources where the local entrepreneurs can obtain businesses and contracts from. These include the City/Town Councils (such as Kuching South and North City Halls), Public Works Department, the Development Authorities (such as Bintulu Development Authority, and most important of all, the Sarawak Economic Development Corporation (SEDC). For the purpose of this research, the SEDC is

⁹Short for Sarawak Timber Industry Development Corporation.

given more priority due to its direct relationship and paramount importance to the development of the entrepreneurs.

4.9.1 SEDC

The SEDC is involved in projects which are either for commercial or socio-economic purposes. Since its inception in 1970, the priority of SEDC has been the creation of opportunities for local entrepreneurs, even though the main objective of the Corporation is the provision of business for *Bumiputra* entrepreneurs through opportunities and business ventures which the Corporation helps to initiate.

4.9.1.1 SEDC's Entrepreneur Development Approach

SEDC's basic approach in the development of entrepreneurs is the carrying out of programmes and projects to provide for:

1. The creation of business opportunities
2. The development of entrepreneurial traits and skill through training and orientation programmes, and,
3. Support and advisory services.

A Bumiputra Trade Centre has been set up in Kuching, complete with its own training, seminar and conference facilities which is offered to the entrepreneurs for their business related activities. Despite the main objective of SEDC being to help *Bumiputra* entrepreneurs, this centre is not for the sole use of the *Bumiputras* only and its facilities are open to the Chinese as well.

4.9.1.2 Support Services

Various schemes are carried out, especially to provide support to the *Bumiputra* entrepreneurs who may need assistance during and after the initial startup of their businesses. For example, the SEDC lorry scheme, a scheme where the SEDC helps to secure licences and financing for lorries for *Bumiputras*, not only provides the successful selected candidates with lorries. The scheme also provides the operators with the initial businesses with which their lorries will have goods to carry and earn income from, so that they can start earning from the first day they get the permits and the keys to the lorries. Fishermen adoption schemes were tried but these have now been phased out because of misunderstanding by the fishermen on the role they were to play and the benefits they were to expect.

4.9.1.3 Activities of SEDC

The activities of the Corporation are varied and wide, ranging from seri-culture¹⁰ to hotels and resorts and to aqua-culture. On trading for the small businessmen, SEDC's entrepreneurial development programmes include wholesale/retail schemes, advisory services and, to some extent, the provision of trading premises for some selected traders. Credible and performing *Bumiputra* entrepreneurs are "adopted" under certain arrangements and these entrepreneurs are expected to train other potential *Bumiputra* entrepreneurs. The Corporation builds and develops business premises which are then offered to entrepreneurs for their trading activities. In an effort to maintain

¹⁰Seri-culture means the rearing of silkworms in cocoons for the production of silk. The silkworms would be fed and reared on mulberry leaves.

fairness to the Chinese, these premises are also offered to them.

Not all SEDC's projects have been successful, though. For example, a subsidiary called "Perina" was set up in the mid-1970s to cater for the needs of retailers around Kuching Division and to supply these retailers with the necessary stock for their shops. Perina, being run wholly by Malay employees collapsed because of poor management, lack of supervision and improper planning, and the Chinese at one time harped on the failure of Perina as an example of Malay incompetence in entrepreneurship. Another subsidiary, the PPES Edar, which was set up along the lines of Perina's also closed recently, but not after it had succeeded in creating a string of retailers and grocers.

4.9.1.4 SEDC Today

After almost twenty years in existence, the Corporation has had more successes in its endeavours. There are not less than 29 fully-owned subsidiaries, all doing very well, with a total workforce of 2,141. About 1,500 of SEDC employees are *Bumiputras*, the rest being Chinese. The Corporation now has its own building in the heart of the Central Business District in the middle of Kuching. The latest figures shows SEDC's investment in companies and projects to be worth about M\$600 mil¹¹.

¹¹Kompas Special Supplement, 1989; *op.cit.*

As has been mentioned earlier, specialised agencies have been established by the Sarawak government to promote and accelerate the growth of the state's business sector and land development has been given more attention than the other sectors such as manufacturing and the service industry. Among the Implementing Agencies related to land development in Sarawak, the most prominent ones are:

SALCRA	Sarawak Land Consolidation and Rehabilitation Authority
FELCRA	Federal Land Consolidation and Rehabilitation Authority
LCDA	Land Custody and Development Authority
SEDC	Sarawak Economic Development Corporation
SLDB	Sarawak Land Development Board
FELDA	Federal Land Development Authority

All the above agencies are government owned and they either look after specific regions or particular crops. Felcra and Felda are agencies belonging to the Federal Government and the rest are all local organisations. An outline of some of the activities of these agencies is given below. SEDC's involvement in agricultural land development is quite recent, with the newly launched pineapple plantation project in the Semarahan Division being seen as a pilot project to pave the way for future projects¹².

The most established of these agencies, LCDA, SALCRA AND FELCRA are featured in some detail below.

¹²En. Abg Ali Abg. Wylie, Director of Bumiputra Entrepreneur Development Division (BEED), SEDC.

4.10.1 LCDA

The LCDA is currently undertaking joint-venture land development especially for oil palm with the Commonwealth Development Corporation (CDC). 10,000 hectares of land have been approved by the Sarawak state government and now being developed, with another 10,000 hectares being applied for from the Department of Lands and Surveys.

These LCDA projects are mostly undertaken on the basis of joint-venture partnerships with the local population, especially the land owners, whose lands fall within the boundaries of the LCDA projects. Special schemes are devised whereby these local land owners will become shareholders in whatever company that will be set up for the management of the schemes.

Generally, by virtue of the location of the schemes, the LCDA projects mostly involve the *Bumiputras*, but an interview with the LCDA general manager in May 1989 revealed that the schemes operated by the LCDA have not been too well accepted by the local *Bumiputras* because they do not understand why they have to wait for periods of up to 5 years before they can get dividends and bonuses from their investments, which is actually the time required before the crops bear fruit ready for the market.

4.10.2 SALCRA

SALCRA was set up in 1976 with the main objective of consolidating (and rehabilitation of) land belonging to local claimants and developing these lands into plantations.

Up to the present, the acreage being developed include 50,000 acres under oil palm, 20,000 acres under cocoa and 3,000 acres under rubber. The main areas of concentration are Bahagian Kuching and Bahagian Sri Aman. SALCRA's concept is to encourage land owners, farmers and non-farmers alike, to lease their lands jointly to SALCRA. These lands will then be developed and the farmers will also be involved in tilling the land, mostly jointly, and repay SALCRA when the trees bear fruit. Since this is a relatively new scheme, SALCRA's efforts in creating the "modern farmer" is yet to produce successful farmers.

4.10.3 FELCRA

This federal based government agency has been in Sarawak for 10 years now, that is since 1979 but has been in existence in Peninsular Malaysia since the early 1970s. The main crop under FELCRA is cocoa, even though some oil palm is also grown in parts of Peninsular Malaysia. Up to the end of 1986, FELCRA had developed 167,580 hectares (410,810 acres) in Peninsular Malaysia while only 1,331 hectares (3,289 acres) were developed in Sarawak.

The first cocoa plantations set up by FELCRA in Sarawak were in the Sibu Division. The original objectives of FELCRA going into these areas were similar to SALCRA except that the main crop undertaken is cocoa. Until now, FELCRA has 14 different projects but all projects only have small areas ranging from 28 hectares in Loba Balu to 393 hectares in Sekarau, both areas being in the Third Division.

For all the projects that these agencies undertake, there are ample opportunities for the small businessmen to participate, ranging from contracting jobs such as the clearing of the land in preparation for planting to the supply of fertilisers or even transport and equipment.

4.11 THE PROSPECTS FOR ENTREPRENEURS

Entrepreneurs in Sarawak rely heavily on the State economy for their prosperity. As has been mentioned above, the State is a primary producer and is dependent upon the export of oil, gas products, timber and agricultural products. The local service industry is very small and these, like insurance and other ancillary services are also dependent on the above.

Even though manufacturing is a post-independence development, this sector is still relatively small too, like the service industry. Nevertheless, it is growing in importance, with the increasing tempo of industrial development. Entrepreneurs in the state have been slow to develop the food manufacturing sector. This is shown by the latest available figures from the Malaysian Industrial Development Authority (MIDA)¹³ which shows that as of December 1988, only 35 food manufacturers engaging in processing food products such as animal feeds, sago flour, biscuits, non-gas drinks, coconut oil, frozen prawn, sauces and snack foods are listed with the agency.

The development of other manufacturing activities in the State began with the development of raw material-based export oriented

¹³Source: MIDA Kuching Branch Office, February, 1989.

industries, especially sawn timber, plywood and veneer sheets. These have now been expanded to include other heavy manufacturing such as cables, iron and foundry products (such as templates and manhole covers), metal containers and other wood based products.

Up until 1984, with the discovery of oil and gas offshore near Bintulu, the government intensified its efforts to develop the town of Bintulu which boomed from a small town of 5,000 people in 1970 to a prosperous oil and gas town as it is today, with a 1989 (January) population of 43,000 people¹⁴. Businesses in and around Bintulu have now shifted from the pre-boom agricultural based trading to petroleum based at present, with the bulk of economic activities centred heavily on the production and export of liquefied natural gas which is found in abundance offshore. The latest development to occur in Bintulu is the proposed and approved construction by the multi-national oil company SHELL to set up the world's first Middle Distillate Synthesis plant at a cost of M\$1.8 bn. near Tanjung Kidurong, construction of which will start in early 1990.

From the development of gas related industries, the government is now seen as creating Bintulu into a growth centre for heavy industries. At the end of the day, it will be interesting to find who among the Malays or the Chinese entrepreneurs will take advantage of this for the advancement of their businesses. For Sarawak at the present moment, despite global economic recessions and downturns in economies almost everywhere, potentials for small businesses

¹⁴Kompass Malaysia: A Special Supplement 1988/1989. A joint-project with the Industrial Development Ministry of Sarawak and in co-operation with O.B.Y.U Communications, Kuching.

exist in industries which are export-oriented, especially in industries which are labour-intensive and which utilise local materials. Those entrepreneurs who set up businesses in this sector, regardless of race, get all the help both from the government as well as the statutory bodies, especially the popular pioneer status, where the entrepreneur and the firm alike get special privileges which includes tax-free allowances of up to twelve years.

The list of "priority products" or areas which have been regarded as important by the government and which can lead to massive benefits from the Ministry of Finance and the Ministry of Trade and Industry include the following:

1. processing and manufacturing of goods which utilise local raw materials such as timber, rubber, oil-palm etc.
2. manufacturing of industrial machinery and parts
3. manufacturing of transport equipment, components and fittings for motor vehicles
4. manufacturing of petro-chemical and other chemical products
5. manufacturing of wooden, metal, plastic, rubber and textile toys and also footwear.

Even though all the above relate to businesses which involve production at one stage or another and which reflect the entrepreneur as a producer, perhaps having a small factory of some kind furnished with machines and other related equipment, a small business, however does not only mean having a factory and producing something in the traditional production based setting.

Small businesses also include retailing, supplying services and other items such as spare parts, setting up a restaurant or even a "coffee-shop" or perhaps even going into direct selling, using the bedroom or the home as a base.

Whatever line of business a person is involved in, the State offers opportunities which suits small enterprises and these opportunities do not wait for a person, regardless of whether he is a Malay or a Chinese. It is only normal to accept that it is the entrepreneur who looks for opportunities, and not the opposite.

4.12 THE SITUATION FACING THE ENTREPRENEURS

4.12.1 The Malay Entrepreneurs

As has been mentioned above, there is an abundance of business opportunities for entrepreneurs in Sarawak. Malays and Chinese alike have all the opportunities to venture in business as and when they desire. The only difference is that the Malays, being *Bumiputras*, get additional help and assistance especially from the government and statutory bodies in line with the requirements of the NEP. Various development projects are implemented and more often than not contract jobs are awarded to "the lowest bidder", Malay, or Chinese.

Many contract and service jobs which are small in amounts, small here meaning they are worth up to M\$50,000, are specifically allotted to the Malays. This kind of ruling is seen as discriminatory and they annoy the Chinese entrepreneurs who see the Malays as incapable of handling their businesses. However, rules and regulations

are made by man and they are subject to abuse and manipulations by all parties concerned. That is why, even if certain jobs were initially meant for the Malays, they can end up being done by the Chinese or vice versa. It is not uncommon to see the Malay entrepreneur getting the contract and the whole job was done by a Chinese sub-contractor, something Malaysians refer to as the Ali-Baba syndrome¹⁵.

Whatever the argument, it is immaterial at the present level of discussion. What the researcher wants to highlight is that there are opportunities for the ENTREPRENEUR, whoever he is, even though the Malays, being *Bumiputras*, are given privileges and their participation in business is guaranteed by way of securing contracts and finance at special interest rates for them. The Chief Minister stressed this point during a press interview on July 30, 1981, when he stated categorically;

"we ought to put more emphasis on building entrepreneurship rather than on just creating opportunities for people to make business - to create more Bumiputra businessmen and not Bumiputra businesses".¹⁶

The most visible source of assistance for the Malays is MARA and SEDC, who, amongst other things, provide loans, training courses, help the Malays secure licences as well as award contracts and tenders. MARA was set up in March 1966 by an Act of Parliament with a

¹⁵The name Ali is a common Malay name whilst Baba refers to a Chinese who can speak the Malay language as well as the Malays. The combination of the two names here refer to sub-contracting a particular job by a Malay to a Chinese whilst the Malay doesn't gain anything in the end except, perhaps, some of the profits from the work done.

¹⁶Source; The Sarawak Tribune, 31 July 1981.

mission to increase the number of Malays (and other *Bumiputras*) taking active part in commercial and industrial concerns through facilities made available for them.

In terms of size, more than 90% of MARA loans taken by the Malays for their businesses were of M\$5,000 or less. In 1976, that is around the time when most of the Malay entrepreneurs in this study started their businesses, loans from MARA exceeding M\$10,000 each formed less than 4% of all monies borrowed (see Table 4.4 below). A study by Gale¹⁷ shows that in 1970, the average amount of MARA loans issued to the Malays was M\$6,836. This did not improve however, and as can be seen in Table 4.4, the average amount borrowed in 1976 had gone down to M\$3,345.

TABLE 4.4: LOANS GIVEN BY MARA - 1976 (BY SECTOR)

	<u>Number</u>	<u>%</u>	<u>Total Amount</u> <u>M\$ mil.</u>	<u>%</u>
Building	451	13.8	1.4	12.8
Transport	107	3.3	1.2	11.0
Manufacturing	103	3.2	0.2	1.8
Trade	2,287	70.2	7.1	65.1
Services	311	9.5	1.0	9.2
TOTAL	3,259	100.0	10.9	100.0

Note: The above figures are for all states in Malaysia.
Source: MARA, Kuching Branch.

¹⁷Gale, Bruce: Politics and Public Enterprises in Malaysia. Eastern University Press, Kuala Lumpur, 1981.

TABLE 4.5: BREAKDOWN OF LOANS GIVEN BY MARA BY SIZE - 1976

	<u>Number</u>	<u>%</u>	<u>Total Amount</u> <u>(M\$ mil.)</u>	<u>%</u>
\$5,000 or less	3,027	92.9	8.1	74.3
\$5,001 - \$10,000	113	3.5	0.9	8.3
More than \$10,000	119	3.6	1.9	17.4

TOTAL	3,259	100.0	10.9	100.0

Note: All figures are for all states in Malaysia.

Source: MARA, Kuching Branch, May 1989.

Beside MARA, the Malays also received assistance (mostly financial) through other government owned banks and financial institutions such as Bank Bumiputra Malaysia Berhad, Bank Pembangunan Malaysia Berhad as well as government ministries, such as the Ministry of Culture, Youth and Sports which sent youths to commercial courses in Peninsular Malaysia and later provide these youths with grants of for business startups, the amount of the funds depending on the amount stipulated in their project papers up to a ceiling of M\$32,000.

In the field of entrepreneurial training, the Malays can approach the Malaysian Entrepreneurial Development Centre (MEDEC) which is based in the MARA Institute of Technology in Peninsular Malaysia for assistance. MEDEC's courses, however, are not popular amongst Sarawakians and the main reason for this is that MEDEC is not as well marketed in Sarawak as in Peninsular Malaysia. Since it was set up in 1975, only 19 Malay entrepreneurs from Sarawak have ever joined any of MEDEC's programmes. A more detailed account of MEDEC and its activities is presented in Appendix 5.

4.12.2 The Chinese Entrepreneurs

Generally speaking, the majority of the Chinese regard the priorities provided to the Malays under the New Economic Policy as "economic discrimination". In the case of Malaysia, the degree of economic imbalance in favour of the Chinese had reached such proportions that the government had no other choice but to implement such discriminatory practices after the 1969 riots in the hope that after a determined number of years, the imbalance would be reduced so as to give the local population some participation in the trade and commerce of the country. However humble the words used seem to sound, they still amount to discrimination, except that the government did consider the situation of the Chinese then and what measures that were adopted did not need to displace the Chinese altogether. Nevertheless, having said that, after twenty years of the New Economic Policy, it is obvious from the Prime Minister's statement in Chapter One that the Malays have indeed made inroads into the mainstream of trade and commerce in the economy without displacing the Chinese, or rather, without denting the Chinese economic livelihood too harshly.

The Chinese never really go out into the open and reveal to everybody what problems they experience with their businesses, or that they have made significant gains and profits in their deals. This is regarded as un-Chinese¹⁸. Even if they do discuss about it, it would just be over a cup of coffee with a friend, or sometimes as a gesture when someone asks "How's business?" and the answer would normally be "*Macam biasa lah*" - meaning *As usual*. What they require,

¹⁸Comment made by Mr. Razlan Chow, lecturer with the Mara Institute of Technology at the Kuching branch campus (April 1989).

of course, is trade, cash flow and the exchange of goods and services, all of which are foundations for the patient accumulation of wealth, and these are the very ingredients which are found in abundance in Sarawak, even with the Malays getting their priviledges. Normally they do not have problems with technical knowhow, because their numbers are so great that there is bound to be a Chinese with the right expertise or knowhow for a certain kind of job. The question of management skill does not often arise because the Chinese small business is normally of the size where the owner or his family will be able to manage comfortably.

Even when the average Chinese entrepreneur does not have sufficient personal savings to start a business, there are five major Chinese-owned¹⁹ commercial banks in Sarawak, who are sympathetic to the predicament of the Chinese business community and provide them with banking facilities and capital for business purposes. At the same time, government owned banks do not discriminate between the Chinese and Malays and they are open to anyone who wish to use its facilities, be it for loans or any of the other forms of credit offered for businesses.

The Chinese, apart from the above, are most unlikely to face serious problems when it comes to entrepreneurship except that they are not *Bumiputras*, because, if they were also *Bumiputras* then they would at least be able to enjoy more business opportunities which has been reserved for the Malays in its efforts to increase Malay participation in business under the requirements of the NEP.

¹⁹They are the Hock Hua Bank, Kong Ming Bank and Kwong Lee Bank, Hong Kong and Shanghai Banking Corporation and Lee Wah Bank.

4.12.3 Problems Faced by the Malay Entrepreneurs

This sub-heading is in fact synonymous with the overall research because if there was no problem with the Malays in business undertakings, then there would not be any necessity to conduct the comparative study of this nature in the first place. The most common problem among Malay entrepreneurs which has been used as issues both by Malay as well as Chinese politicians and academicians alike is the issue of over-dependency by the Malays on the government for businesses, contracts and financial support. This issue has been the subject of debate by Malaysian policy makers for as long as the existence of the NEP. The failure of the NEP objective of 30 percent *Bumiputra* business involvement as well as corporate ownership has been attributed to this over-dependency by the Malays²⁰.

In order to understand this problem which is only found among the Malays, it is hoped that by comparing the business activity of the Malays and Chinese, the findings can be used by the policy makers in an attempt at reducing the problem, if not eliminating it altogether.

Even though this research is not specifically aimed at finding out what these problems are, it is nevertheless aimed at comparing the business activity of the Malays and the Chinese so that the findings can be used by future policy makers to streamline governmental assistance to the groups who need them most. Beside

²⁰ *Dependent Attitude Should Go*, Speech delivered by Trade and Industry Minister, Datuk Rafidah Aziz at the Malaysia Hall in London (while on a stopover during an investment mission to Europe in October, 1989, The Borneo Post, 16.10.89. A full account of the speech is presented in Appendix 5.

creating a wholesome Malay entrepreneurial group who is resilient and able, such policies will enable to trim losses of public funds through entrepreneurial assistance funds which had been improperly channeled.

Among the many obstacles commonly known as prevalent which the Malays face in their entrepreneurial activities is their lack of knowledge and skill in the fields of business they choose. Even when they can identify potential business opportunities they are hesitant to pursue and exploit these opportunities because of a lack of management and technical skills. Hence the familiar reluctance by the Malay to enter an unfamiliar field. Thus, it is indeed usual to find a Malay entering into one particular business line simply because he "thinks" he is familiar to the trade, for example, in setting up a restaurant, because he or his wife knows how to cook.

On the other hand, in the building and construction sector, for example, the Malay entrepreneur knows that he is encouraged by the government to become a contractor, but unfortunately, two separate but related factors inhibit the Malay contractor from participating fully in construction jobs. The first is his limited knowledge on the pricing and financial estimation of jobs involving technical matters such as piling works, earthworks and the like, and the second is the fact that he will need machinery and plants such as piling cranes, cement mixers, earth dumpers, tractors or even the multi-purpose shovel/power driver. He will be able to complete small jobs which, perhaps, will only need some masonry, carpentry, plumbing or electrical tasks. When the contract involves the hiring of machines and equipment, he will automatically shy away because he will have to rent from other bigger contractors who have the machines and plants and

they are all Chinese contractors. The Chinese, who has the machines and plants would have liked to do the contract himself because he is in a better position to execute the task, with the facilities and sources available to him but because of special preference to the Malays under the *Bumiputra* status, he doesn't get the job offered to him. He eventually makes some business as well when he hires out his machines to the Malay. However, the loser is still the Malay because he will have to allocate a substantial amount of his contract price to the Chinese for the machines and equipment. On another level, the doors are open for him to sub-contract the job out to the Chinese and this becomes another story, and he joins the ranks of the *Ali-Baba* contractors. The over-riding question here is, "*Is he not right in doing so ?*" He knows that he is either incapable or when he is capable, resources are inadequate, so he is just making the right decision in leaving the job to others or to resort to sub-contracting. Then again, given the circumstances, no Malay will ever be a successful contractor if this was to be the norm for every budding Malay contractor.

With this constraint ever present, the government found it had to interfere and this is where government agencies and statutory bodies come into the scene with their training schemes and courses, aimed at filling in the gaps in the business sectors where the Malay presence is either minimal or negligible.

Many Malay entrepreneurs who have failed in business ventures and resorted back to working for others, or who simply scaled down their business to the more manageable enterprises such as the village retail or corner shop, and who are personally known to the

researcher have now and again put the blame of failure of their businesses on the lack of business management skills. Perhaps they have a point in saying so. The majority of Sarawak's adult population during the time when the entrepreneurs involved in this study were at school received only secondary education. The figures shown by the analysis on academic achievement of the entrepreneurs in Chapter Six (see Table 6.7) shows this to be so. Some have received even less education, meaning that they were mostly taught general education about various subjects besides basic skills like reading, arithmetic and geography or history.

The general education system in Malaysia is still purely academic, with heavy concentration on subjects like Mathematics, Art, Geography, Music, Religion and others and these subjects do not gear the average student towards any education for business, which may include such subjects like accounting, commerce, communication and the like. Computer education in schools only started in mid-1987 and even then, this did not cover all schools in the country. Only those who manage to reach college level are given the option to study such subjects as business and accountancy or business management. Further to this, Malay graduates still do not find entrepreneurship as an attractive option for a career. A recent study²¹ among ITM students in the Kuching branch campus shows that only 8 out 120 students who take the subject "Entrepreneurship" (ETR 300) indicate that they would venture into business upon graduation. What is most disheartening,

²¹The study, carried out in April, 1989, was conducted by this researcher with the Co-ordinator of the BTR course, En. Mohd. Isa Yahya. The students involved in the study were in Part 5 of their Diploma courses and the subject "Entrepreneurship" (BTR 300) is a compulsory part of their curriculum.

however, is that 6 of these students came up with business projects which would need capital outlays in excess of M\$500,000, to be used for projects such as the construction of a holiday resort (proposed capital M\$2mil) and a drive-in restaurant (proposed capital M\$800,000). The reason why this is disheartening is that these budding entrepreneurs are destined to fail from the day they conceived the business plan, because they would not be able to handle such massive projects.

However well conceived a business undertaking is planned, it would not get off the ground if the right amount of capital is not available. For the above proposed projects, no bank manager will want to support and provide financial assistance. Furthermore, even if the projects could find financiers, the graduates would certainly be heading for failure because they will certainly need other knowledge and capabilities such as in purchasing, marketing, credit management and public relations.

The economic climate in Sarawak was quite bleak with the effects of global recession slowly creeping into the State's economy during the 1985-1987 period. However, despite widespread recession throughout Malaysia, Sarawak has always had surplus balance of payments, with the 1986 surplus figure as high as three billion ringgit²².

Even though the State was not as badly affected by the recession as the other Malaysian States, the commercial banks are now

²²Source: *Annual Statistical Yearbook, 1987* published by the Department of Statistics. Sarawak, government printers.

very selective in the approval of loans only to proven entrepreneurs and interest rates have soared to between 14% and 16% per annum. There used to be times when banks were not too demanding about collateral or securities for loans. Now the situation has changed and the banks are more strict in loan processing, with applicants given more scrutiny, otherwise the entrepreneurs have to submit names of guarantors who will sign documents purporting that they will repay the loans should there be default by the entrepreneur, or the entrepreneur would have to come up with sufficient collateral to cover the amount of his loan. Only loans of small amounts are still easily obtainable without collateral. These amounts would be for loans which are under selected schemes which are then solely for very small scale *Bumiputra* entrepreneurs, say for loans up to \$5,000 only or less. The major reason for the tightening of the bank lending restrictions is the surge in the number of entrepreneurs defaulting, both Chinese and Malays alike²³, especially as a result of the economic recession between 1985 and 1987.

The 1985-1987 economic depression affected the Malays most, and this shows how vulnerable the Malay entrepreneurs are. The High Court of Borneo registered a total of 659 bankruptcy proceedings throughout 1987 and out of these, there were 191 cases involving Malay entrepreneurs, 44 other *Bumiputras* and the rest were Chinese²⁴. Comparing the number of businesses registered and owned by the Chinese

²³For 1986 alone, out of 327 loans (loans up to M\$100,000 only) given out to Malay entrepreneurs by the Bank Bumiputra branch in Kuching, the bank served legal notices on 204 of the entrepreneurs for debt-collection purposes. No figure is available on the Chinese, despite an attempt by this researcher to try and approach two Chinese bank managers for assistance.

²⁴The High Court of Borneo publishes in the Borneo Post all matters related to bankruptcy.

with the Malays, the ratio of Malay failures is very high compared to the Chinese. The Malays were hardest hit by the downturn in the economy because those who set up firms round about four years ago are only now about to steer clear from the hiccups of a business start-up. The economic slowdown meant that they suddenly found that they could not sell their products or services because the recession dictates how much they can produce and sell.

4.13 SUMMARY

It can be said that Sarawak provides adequate opportunities to make the NEP objective of Malay participation in business successful, and along with it, the creation of a Malay business base. The state economy is stable and, added to that, there is political stability and harmony in the country, something which is a prerequisite for the development of entrepreneurial talents from the entrepreneurs involved.

For the present moment, the infra-structure is there and trade volumes as well as business opportunities are sufficient for all races to share. There is no denying the fact that the Malays still have a long way to go before their entrepreneurial involvement in the state's business and commerce sector can make an impact on the local scene, especially because of the short duration that they have been actively involved in business ventures. Nevertheless, this researcher believes that a business environment has to be created around the entrepreneur so that his children will become exposed to entrepreneurship and learn the tricks of the trade during the time when they are young. For the Sarawak Chinese, this business environment has been

in existence for more than one hundred years but for the Malays, their business environment is only beginning to take shape.

The Chinese have learned to master the art of survival under the most extreme of conditions, and, going back to Hagen's²⁵ theory, the Chinese (both in Sarawak and elsewhere in other countries), have been disparaged and deprived (or denied) of many opportunities and discriminated against, so they become aggressive commercially, because that is the only avenue that they have for their survival. And in the process of creating niches for their survival, they become masters in their own right, eventually leaving behind the very people and system that disparaged them and making contributions to the thrust of economic development, so much so that they become more successful and active businessmen than the indigenous population disparaging them.

In the next chapter the research methodology used in the conduct of the field work for this research will be explained. This will include the conduct of the pilot survey, the development of the questionnaire, the statistical analysis used for processing the data and the measurements used.

²⁵Hagen, Everett, E.: *On the Theory of Social Change*, Homewood, Illinois: Dorsey 1962.

CHAPTER FIVE

RESEARCH METHODOLOGY

CHAPTER FIVE

RESEARCH METHODOLOGY

5.1 INTRODUCTION

The previous chapter has presented to the reader a picture of Sarawak as the backdrop to both the Malay and Chinese entrepreneurs included in this research. The overall environment under which the Sarawak small businessmen perform has also been discussed. The key terminologies used in this research, especially the definitions on the terms "entrepreneur" and "entrepreneurship" and the attributes of entrepreneurs have also been discussed in Chapter Two.

This chapter will explain the research methodology used in the conduct of the research, especially the part on the collection of data, the choice of population universe, the conduct of the pilot study to test the research area and the actual survey. The questionnaire and variables used in the questionnaire will also be explained as well as the statistical figures used to explain how the returned questionnaires were analysed to show the comparison between the two groups and the variables.

The statistical method used as well as the measurement for the analysis of the data are also explained. From this chapter, it is hoped that the reader will be able to grasp the analysis of the statistical computation presented in the following two chapters.

Bailey¹ defines the term methodology as;

"the philosophy of the research process which includes the assumptions and values that serve as a rationale for research and the standards or criteria the researcher uses for interpreting data and reaching conclusions".

The term itself is an extension of the word "method" which simply means the research technique or tool used to gather data, and which forms an integral part of the whole methodology. It is the methodology of the research that determines such factors as how a researcher prepares the research questions (if he uses a whole population universe for his survey) or the research hypotheses (if he uses a sample from the population). In another explanation on methodology, Kerlinger, in complimenting Bailey's description says;

"Methodology includes ways of stating problems and hypotheses, methods of observation and data collection, the measurement of variables, and techniques of data analysis. Methodology also includes aspects of philosophy of science and a general critical approach to research. Despite its great importance, we rarely think of methodology's possible influence on practice. This is strange because methodology has already had a profound influence on behavioural scientific knowledge".²

¹Bailey, Kenneth D.; Methods of Social Research, New York: the Free Press, 1978, p.26.

²Kerlinger, Fred, N.; Behavioural Research: A Conceptual Approach. New York: Holt, Rinehart and Winston, 1979, pp. 295-296.

In short, as deliberated by Sjoberg and Nett, it can be said that the term "methodology" is used simply to refer to "the procedures involved in the collection of data and how the data is analysed"³. It is not the intention of this researcher to make this chapter appear like it is a research manual. However, the definitions of research terms are nevertheless included here so that the reader will understand the stages and steps that the researcher made in the choice of the research methodology.

5.3 DEFINING RESEARCH

Having defined the term "methodology", the chapter then proceeds to define the term "research" and this will be followed by a description of the type of research this study is. "Research", as defined by Howard and Sharp⁴, is:

"the seeking through methodological processes to add to one's own body of knowledge and, hopefully, to that of others, by the discovery of non-trivial facts and insights".

Another broad definition is that given by Green and Tull, who say that research is "a systematic and objective investigation of a subject or problem in order to discover relevant information"⁵. As can be seen from the above definitions, a common theme is that research is a systematic and well-ordered process of investigation in

³Sjoberg, G. and Roger Nett; A Methodology for Social Research, Harper and Row, Publishers, 1968, p.1.

⁴Howard, K. and Sharp, J.J., The Management of a Student Research Project, Gower Publishing, 1985, p.6.

⁵Green, P.E. and Tull, D.S., Research for Marketing Decisions, 4th. ed. Prentice Hall International, Englewood Cliffs, California, 1978.p.4.

order to find material facts concerning the subjects the researcher is interested in. Based on this the chapter presents the "methodology" for the final collection of data in the field and the eventual analysis of the data collected from the survey.

The three common types of research are exploratory research, descriptive research and experimental research⁶.

5.3.1 Exploratory Research

As the name implies, this type of research either explores areas which are new, or they are extensions of existing research. The researcher conducting this type of research is expected to have little or no knowledge about the problem or solution under investigation. One example of such a research is a study to find the general behaviour and social interaction patterns of prison inmates in Japanese prisons by someone who is not a Japanese himself. His findings in the research can either be for himself or for a third party, depending on what reasons he had for conducting the research in the first place. Exploratory research can lead to discoveries which are significant and which may, in the future, be assessed with more intricate research designs, involving more depths of coverage.

5.3.2 Descriptive Research

This is the most common type of research undertaken by researchers. This type of research can be applied to a wide spectrum

⁶See Black, J.A. and Champion, D.J.; Methods and Issues in Social Social Research. New York: John Wiley & Sons, 1976, pp.78-82.

of studies, such as a study of society's perception of military organisations, union powers in certain sectors of the mining industry, hazards faced by truck and bus drivers and others. Descriptive researches mostly provide researchers with a vast amount of information about many social situations. Researching on certain characteristics of a population or a sample from the population will enable the researcher to pursue more sophisticated research in the future.

By virtue of its nature, this research, being conducted to compare the Malays and Chinese in Sarawak on their business activity, is a descriptive research. One advantage of undertaking this type of research is that the study can be aimed directly to the target group being studied. As mentioned by Selltiz et.al.,

*"descriptive research can reveal potential relationships between variables, thus setting the stage for more elaborate investigation later"*⁷.

5.3.3 Experimental Research

An experimental research is one which is conducted with the use of controlled variables or groups of population or samples. The researcher experiments by observing the effects of studies which have been done under controlled conditions. The word control here is used to mean that one group of respondents is controlled or held under certain conditions whilst another group is free or varies. At the end of the study, results from both groups on the same variables conducted

⁷Selltiz, Claire; Marie Jahoda; Morton Deutsch; and Stuart W. Cook; Research Methods in Social Relations, New York: Holt, Rinehart, and Winston, 1969, p.50.

using similar techniques over similar time-scales are then analysed and deductions are made. Perhaps the best example of this kind of study is Elton Mayo's Hawthorne experiment.

5.4 THE RESEARCH POPULATION UNIVERSE

In research involving a survey such as this, the ideal situation would be to have a whole population, failing which a sample would be drawn up from a sampling frame. It was decided from the beginning of the research that this study must cover the whole of Sarawak in order to be able to avoid errors and bias in the conclusion.

The research was initially aimed at using samples because in the earlier stages of the research, not much information was available about the entrepreneurs in the country. The sampling frames that were available always had their limitations, such as not representing the whole state, or only for specific sectors of business such as retailing or service only, or that these sampling frames only represented entrepreneurs in one particular region of Sarawak.

After conducting a pilot study, which is explained in detail later on in the chapter, it was found that the best approach to Malay and Chinese entrepreneurs was to use the membership lists of their respective Chambers of Commerce. Even though not all the Malay and Chinese entrepreneurs in the state are members of their Chambers of Commerce, the entrepreneurs constituting the members of these Chambers were to be found in all the towns in Sarawak. Added to this, initial enquiries revealed that as high as 98 percent of the members of both

Chambers of Commerce fell into the small scale entrepreneur category as accepted under the definition by the Bank Negara Malaysia referred to in Chapter Two. These two Chambers also have affiliated membership from their respective local or regional trade associations or trade guilds. For example, the Malay Chamber of Commerce only has 348 members on its membership list but it has affiliated memberships made up of other Malay trade associations. On the other hand, the Chinese Chamber of Commerce has a total of 650 members and it also has affiliated membership made up of other Chinese trade guilds. The fact that all towns in Sarawak are represented by the members of these two Chambers of Commerce provided the vital justification for the decision to use the Chambers of Commerce as the population for the study.

The main advantage of using the membership list of the Chambers of Commerce was that all the members in both membership lists were known where they lived and operated their businesses, and that the study had the opportunity of 100 percent coverage of both populations, a coincidence which matched the timing of the survey.

There are now almost 29,000 registered businesses in Sarawak falling under all categories⁸. The Sarawak Inland Revenue Department estimates for 1987 indicate that about 85%⁹ can be categorized into the small business category, "small" in the Sarawak context meaning that the business employs 50 people and below or that the entrepreneur used startup capital outlays of M\$500,000 or less. Nevertheless, Sarawak does not actually have an official or specific system of

⁸Department of Statistics, *Perangkaan Penting*, Sarawak, Kuching, 1987.

⁹Interview with Mr. Yeoh, W., a staff of the Inland Revenue Department on 22.3.1988.

categorizing businesses like that practised in developed countries like Britain and the United States of America where the businesses are categorised based on specific guidelines such as employee size, turnover, etc. Thus, a business regarded as small by the Sarawak Inland Revenue Department may not be so for example, when viewed under the guidelines set by the American Small Business Administration.

For the purpose of this research, the "small business" category terminology has been defined clearly and so the businesses included in the sample will clearly have met the requirements set forth. No further clarification will be made on this. Since the actual list of business registers is not made available to the public, the details provided by the registers of the Chambers of Commerce were relied upon.

The choice of survey population for this research contrasts with the study by Popenoe who had to use snowball sampling when he interviewed Malay entrepreneurs in Peninsular Malaysia in 1968, even though he was furnished with a list of entrepreneurs by MARA¹⁰ which in the end proved to be inadequate for his interviews and he had to be content with snowball sampling.

5.5 THE RESEARCH METHOD

It was stressed in the previous chapters that the major objective of this research is to make a comparative analysis of the business activity of the Malays and Chinese in Sarawak. It has also

¹⁰"MARA" has been explained earlier in Chapter Four.

been explained in the previous page that this is a descriptive research. The method employed to conduct the research is now explained.

Briefly, the ensuing sections of this chapter will discuss the research technique used to obtain the data, the development, design, and pretesting of the questionnaires; the selection of the individuals used in the study; and finally, methods used in analysing the data obtained from the interviews and the returned questionnaires.

In the chapter on the review of the literature, the various methodologies used in similar research involving business success and failure and their overall context were discussed. The two methods that are commonly used are personal interviews and mailed or postal questionnaires.

A number of research projects on ethnic businesses and business/race relations have been undertaken involving the Malays but all these studies refer to the Malays in West Malaysia and the most commonly referred to are by Popenoe¹¹, Charlesworth¹², and Conway¹³. All three used personal interview methods in their research projects. Howard and Sharp¹⁴ stated that a major advantage of this method is

¹¹Popenoe, Oliver; *Malay Entrepreneurs: An Analysis of the Social Backgrounds, Careers, and Attitudes of the Leading Malay Businessmen in West Malaysia*, Ph.D. thesis (Unpublished), London, 1970.

¹²Charlesworth H.K.; *Role Strain in Bumiputra Entrepreneurs - Can it Be Overcome?* Unpublished research paper submitted to MARA Institute of Technology, Malaysia, 1974.

¹³Conway, B.M., *The Practice of Management Development in West Malaysia 1971 - 1975*, Edinburgh, 1975 (Unpublished Ph.D Thesis)

¹⁴Howard, E. and J.A. Sharp, *op.cit.*

that a "higher quality" of information is obtained by interviews. This is because many questions that could not be included in postal questionnaires, because of the difficulty of answering them or that the answers could not properly be recorded in the questionnaires, could be included in the interviews. Thus, an interview could be just a means of getting a lengthy and complex questionnaire filled. Interviews are also suitable especially if the number of respondents required is smaller than that on postal surveys.

Another advantage of the interview method is that it allows for greater flexibility and control in the process of questioning and in the context in which questions are asked and answers given (Labovitz¹⁵, and Hoinville¹⁶). By using this method, the researcher may be able to expand upon questions asked in cases where the respondents may be puzzled by a particular aspect of the questionnaire. In other words, the researcher will be able to design the discussions to fit the needs and understanding of the respondents.

According to Black and Champion¹⁷, other forms of data collection may share certain advantages with the interview but none, however, offers such a "*unique combination of advantages as the interview permits*".

¹⁵Labovitz, S. and Hagedorn, R.; Introduction to Social Research, McGraw-Hill Book Company, 1971, p.53.

¹⁶Hoinville, G. and Jowell, G. and others, Survey Research Practice, Allen Unwin (Publisher), 1978, p.100.

¹⁷Black, J.A. and Champion, D.J., Methods and Issues in Social Research, John Wiley and Sons Inc., 1976, p.361.

There are, of course, several disadvantages associated with using the interview method. One of the major disadvantages, is that, open ended interviews are not capable of being analysed statistically and thus the analyses of these interviews are descriptive and narrative in nature. Howard and Sharp¹⁸ warned that:

"Thought also needs to be devoted as to how they are to be analysed in the final research report, otherwise the researcher runs the risk of having a wealth of data from a set of individually valuable interviews that collectively are difficult to generalise from and which he cannot afford to repeat".

Thus, a researcher using this technique may end up with a set of opinions of the respondents which could not or may not be possible to analyse. If the interviews were not properly conducted and analysed, the end result could be seen as only a subjective review of opinions expressed during the interviews.

Another disadvantage associated with the interview method is the problem of getting the subjects to agree to be interviewed. Since the interview will take a longer time when filling out a questionnaire, the subjects may be reluctant to agree to the interview, especially if they felt that the subject is of no interest to them or that they are apprehensive that the interviewer may not respect the confidentiality pledge. In the Malaysian context, this can be a major problem especially with Chinese businessmen who can be very suspicious of researchers, especially when questions relating to their businesses are asked.

¹⁸Howard, K. and Sharp, J.A., 1985. *op.cit.* p.140.

Another major problem associated with this option relates to the possibility of biased answers. The subject may be inclined to give answers that he thinks the interviewer wants. According to Black and Champion¹⁹, the validity of verbal responses during the interview is dubious and that "*a serious question confronts investigators whether verbal responses can be relied upon with any great degree of validity*". Related to this is the problem that the interviewer may find it difficult to control the interview, resulting in the interview being directed away from its intended direction. Therefore, the interviewer must possess the necessary skill and, more importantly, the necessary experience before interviews can be conducted.

Interviews also bring about the problems of how to record the information being obtained from the respondents²⁰. No single method used to record the interview is "fool proof". For example, jotting down notes during the interview may distract the respondents. If the notes were written up after the interview, there is a possibility that these notes may contain mistakes, especially after a series of interviews were undertaken. According to Black and Champion²¹ the use of recording devices may also distract and sometimes intimidate the respondents. Moreover, respondents may also object to the use of these recording devices during the interview.

Other basic problems with the interview technique are²²:

¹⁹Black, J.A. and Champion, D.J., *op.cit.*, p.371.

²⁰Black, J.A. and Champion, D.J. *op.cit.*, p.372.

²¹*ibid.*

²²a. Hoinville, G. and Jowell, R., 1978 *op.cit.*, p.100.

b. Black, J.A., and Champion, D.J.; *op.cit.* 1976, pp. 371-374.

1. respondent's answers can be distorted either by the personal characteristics of the interviewer or by the way he conducts the interviews, including the setting and environment in which the interview is conducted.
2. interviews usually take more time to complete than planned thus creating problems on the respondent's time,
3. an interview takes more time in total because the respondents may be spread over many locations.

During the early period when the idea for this research was mooted, it was first feared that personal interviews would not fare well with Malay lady entrepreneurs who would, without doubt be Muslims. This is because of the generally accepted norm in the Muslim social order where Muslim women (especially wives) are grossly discouraged to talk to strangers. Surveys conducted in other Muslim countries such as the Sudan²³ and Turkey²⁴ highlighted the fact that only women could approach women for interview purposes. The section on the conduct of the pilot study later in the paragraph and the subsequent findings from the pilot study explains how this problem, as well as the many other initial problems, were solved.

Beside the personal interview technique, an alternative to the interview technique for collecting data is the mailed or postal questionnaire. This method is commonly used in research especially like this one where the area of coverage is very wide and time and a limited budget impose demands.

²³Roushdi A. Henin, *First Population Census of Sudan 1955/1956*, vol.1 (Khartoum: Department of Statistics, Republic of the Sudan, 1960, p.200; from Sjoberg, G. and Nett, R., A Methodology for Social Research, Harper & Row Publishers, 1968.

²⁴Frey, F.W., *Surveying Peasant Attitudes in Turkey*, Public Opinion Quarterly, 27 (Fall, 1963), p.349.

Postal questionnaires are a favoured way of seeking to acquire data from a large number of respondents²⁵. This is because the questionnaire research technique enables the researcher to obtain the involvement of individuals from diverse and widespread geographical locations at a relatively low cost in terms of time and money. According to Moser and Kalton²⁶, the mail questionnaire is "generally cheaper than other methods". It can cost more and take longer time to interview respondents if they are located far apart from one another.

A major advantage of this method is that, depending on the questionnaire design and sample selection, the data obtained are suitable for analysis using statistical methods. This is especially true of questionnaires using fixed-response questions. The fixed response items are easy to score and code, thus facilitating the use of computers in processing and analysing the data.

The mail questionnaire technique also has the advantage of giving a greater assurance of anonymity²⁷. Since there is no interviewer present who can identify the respondents, they may answer certain questions more willingly and accurately.

The mail questionnaire also avoids the inherent problems associated with the interview technique; that is interviewer error and bias²⁸. According to these authors, the use of the mail questionnaire method will result in the elimination of several sources of interview-

²⁵Howard, K and Sharp, J.A., 1983, *op.cit*, p.133.

²⁶Moser, C.A. and Kalton, G., Survey Methods in Social Investigation, 2nd. edition. Heinemann Educational Books, London, 1973, p. 257.

²⁷*ibid.*, p.258.

²⁸*ibid.*, p.258.

wer errors, "which may seriously undermine the reliability and validity of survey results".

There are of course several disadvantages in employing this method. Howard and Sharp²⁹ discusses that,

"The biggest problem with the postal questionnaire is that it is only somewhat tenuously a primary data gathering method. The investigator may have no direct contact with his respondents who may interpret his questions very differently from his intention".

Since there is no direct contact between the researcher and respondents in the mailed questionnaire method, there is no opportunity for the researcher to "probe beyond the given answer, to clarify an ambiguous one, to overcome unwillingness to answer a particular question or to appraise the validity of what a respondent said in the light of how he said it"³⁰. In other words, the mail questionnaire is essentially an inflexible method.

Other problems inherent with the postal questionnaire methods³¹ are:

1. this method only records verbal behaviour provided that there is no interviewer present to observe non-verbal behaviour or to make personal assessments concerning the respondents' character,
2. no control over the environment, date of response and question order,

²⁹Howard, K. and Sharp, J.J., *op.cit.*, 1985, p.133.

³⁰Moser, C.A. and Kalton, G.; 1979, *op.cit.*, p.260.

³¹As mentioned in Moser, C.A. and Kalton, G., 1978, *ibid.*, pp.135-137.

3. the problems of the respondents answering only a few questions from the questionnaire; and
4. difficulty in recording spontaneous answers and the limitations of asking only simple and straightforward questions; complex questionnaire format will "probably be too confusing for the average respondents".

As a result, the questions to be asked in the postal method inevitably have to be short and therefore the quality of the data gathered is more superficial than that which can be collected during the interview.

An important criticism of the postal questionnaire method is the low response rates. The response rates will vary depending on factors such as the length of the questionnaire used, the difficulty in filling the questionnaire and the sample used and other factors. It is crucial therefore, for the researcher to ensure that a favourable response rate can be achieved. Thus, the researcher must take steps to ensure that response rates be not too low; as "too low a response rate always raises questions of bias"³².

As can be seen from the discussions above, each of the research methods discussed has its advantages and disadvantages and therefore no single method is completely satisfactory. Both methods could, conceivably, be used with equal effectiveness in carrying out the survey.

However, factors such as the purpose of the study, the environment and the conditions under which the research project is

³²Howard, R. and Sharp, J.A., 1983, *op.cit.*

conducted will dictate the technique to be used. Apart from that, since the study is conducted for the following purposes and under the following environment and conditions, the final choice of research technique was made to suit the environment and conditions mentioned below.

They are as follows.

- a. The survey is conducted in Sarawak; as such special considerations were made to take into account the political structure of the country, the population mix, in fact the whole environment that the two entrepreneur groups are in. In general there is a mixed response to researchers or research projects of this kind, as mentioned by Popenoe³³. In order to secure the cooperation of both the Malay and Chinese small business entrepreneurs in the survey, the method that is considered to be the least disruptive has to be chosen to have any reasonable chance of success. In this researchers' opinion, the most suitable method of conducting the field survey is by personal interview. However some towns in Sarawak are not as readily accessible such as Limbang/Lawas and Kapit because of their remoteness. For these towns, two proposals were planned viz; 1) to send the questionnaires by mail, and 2) to seek the assistance of a third party (or parties) who is (are) in authority in the area concerned. The latter was adopted and

³³Popenoe made mention in his thesis *"Malay Entrepreneurs: An Analysis of the Social Background, Careers and Attitudes of the leading Malay Businessmen in West Malaysia"* where a Malay businessman was suspicious of the motives for his research and said he employed only 7 employees, whereas the actual number was nearer 70. This researcher feels that it would have been the same if Popenoe had surveyed Chinese, Indian or businessmen belonging to the other racial communities in Malaysia.

the town councillors in the both regions were requested for assistance to distribute the questionnaires.

- b. Many entrepreneurs, being skeptical and apprehensive about talking to strangers about their businesses will be reluctant to allow access to certain information or personnel, especially if the interview method is used as it will take up a lot of the valuable time of these entrepreneurs.
- c. It is this researcher's experience, during the pilot study, that the paramount requirement in getting the cooperation from individuals in the Sarawak business community are confidentiality and anonymity. This may cause some entrepreneurs not to return the questionnaire forms which are sent to them. This was solved by having a Chinese to interview the Chinese respondents and this researcher to interview the Malays personally.
- d. Part of the purpose of this study is to obtain the views of as many Malay and Chinese entrepreneurs as possible and under normal circumstances, this scale of research will be considered by many as restricted, if not impossible. However, since the interviews for the Chinese community will be undertaken by a Chinese and the interviews for the Malays to be undertaken by the researcher himself, then the scale is not too big after all and it is expected that the survey could be covered with more ease because the interview method is adopted.
- e. Since the population groups are under the category of "small business" and belonging to the Malay and Chinese communities, there is bound to be vast differences in educational, cultural

and traditional backgrounds and some limitations are expected as to the complexity and understanding of the questions. The only perceived way of overcoming this was to use Bahasa Malaysia for asking questions to the Malays and use Mandarin or the more common local Hokkien dialect for the Chinese.

- f. Population groups are used rather than samples. All respondents are approached for the interviews and they are given the option of filling the questionnaire in the presence of the researcher (or the third party, in the case of the Chinese) or they can fill in the questionnaires themselves, and mail the completed questionnaire to the researcher.

5.6 CONDUCTING THE PILOT STUDY

Black and Champion defines a pilot study as "*a trial investigation of specific research problem that will be treated more intensively at a later date*"³⁴.

Sproull defines it as "*a micro-research study which uses the same research procedures as the major study and respondents are drawn from the same population but who will not be used in the major study*"³⁵. The pilot study serves many purposes which in this case includes tests of the data collection method through the distribution of questionnaire and the variables included in the questionnaire, including the issue of whether the questionnaire had to be translated into the local languages.

³⁴Black, James. A and Champion, D.J.: *op.cit.*, 1978, p.111.

³⁵Sproull, Natalie, L.: The Research Process, Macomb, Illinois: Western Illinois University, p.314.

A pilot study is highly recommended even if it is only a small one because of time or money constraints. Apart from the above reasons, the researcher intended to use the pilot study to ascertain the likelihood of certain unanticipated constraints or events which, if not ironed out early, could pose greater problems when the actual survey is carried out.

In the case of this research, the biggest problem expected from the beginning was how to get the Chinese entrepreneurs to provide cooperation in answering the questionnaires issued to them. This is because the Chinese entrepreneurs are always protective of the security of their business, always on the lookout for potential troubles which might ruin the standing of their businesses on the field and because of this they always treat any intrusion by anyone into their businesses with suspect, especially so when the questions asked are those pertaining to how well they are doing.

5.6.1 How the Pilot Study was Conducted

The steps taken in the conduct of the pilot study was similar to the actual survey except it was determined that the 10 respondents from each group did not belong to any of the two Chambers of Commerce who form the respondents for this study. This was done because it is a rule in the conduct of a pilot study that the respondents who filled in the questionnaire forms for the pilot study must not be included in the final survey³⁶.

³⁶Refer Black, J.A. and Champion, D.J.; *op.cit.* p.112-113, and Sproull, *op.cit.* p.315.

The questionnaires were also given to four bank personnel in Sarawak, two of whom are branch managers and the other two are credit officers whose jobs bring them into direct and personal contact with many Chinese and Malay entrepreneurs, not only from around Kuching, but also from the other towns. All four participated fully in providing comments and suggestions for the questionnaire including their opinions on the variables used, the layout of the questions and their contents and what they thought had been missed or left out but should be included in the questionnaire, especially on the part which relate to the bank and the facilities they provide to the entrepreneurs.

Beside the above, two lecturers from Institut Teknologi MARA who are teaching the subject "entrepreneurship" for the local branch campus in Kuching were also invited to view the questionnaire and they also made some useful comments and suggestions which were later incorporated in the final questionnaire. One of the two lecturers is a Chinese while the other is a Malay.

The pilot study was conducted between January and May 1988. The only reason to do the pilot study during this period was because this researcher had to be in Sarawak then and the theoretical framework for the choice of respondent population had been decided and the working definition for the entrepreneurs to be included in the population had been decided upon.

During the conduct of the pilot study, this researcher tried to pursue on the idea of approaching the Chinese entrepreneurs personally and trying to ask them to fill in the questionnaires. Only

10 attempts were made to approach 10 different entrepreneurs but all failed. Most of the Chinese entrepreneurs approached for the pilot study only asked "Apa pasal lu mau tanya?" meaning "Why do you want to ask?" As a result some discussions were made with Chinese friends of the researcher and it was them who suggested that the only possible alternative was to ask members of the Chinese community themselves to conduct the survey and present the questionnaires to the entrepreneurs. A Chinese friend of the researcher who had finished his Ph.D in mid-1985 and who was assisted by this researcher when he did his survey on the Malays agreed to help, as a reciprocal gesture. He visited ten entrepreneurs and asked for cooperation and out of these, six of the 10 entrepreneurs approached agreed to fill in the questionnaires. Detailed accounts of the visits made by the friend revealed that he only needed to introduce himself in the Chinese dialect and telling the entrepreneur that he was conducting a research before the entrepreneurs allowed him to continue with the rest of the questions in the questionnaire.

An equal number of 10 Malay entrepreneurs were invited to participate in the pilot study. Out of the 10, seven agreed to cooperate the very moment they were approached whilst two out of the remaining three requested the researcher to visit them another time. One did not participate. Since the pilot study was only conducted in Kuching, the Chinese friend who helped to conduct the pilot study for the Chinese entrepreneurs used the *Hokkien* dialect throughout his visits.

There was some surprise when the pilot study conducted by the Chinese enumerator revealed that none of the questionnaires which

were translated into Mandarin had been used as the entrepreneurs had preferred to answer the English version. Out of the 20 entrepreneurs from both groups, there were only two lady entrepreneurs, both of them Malays.

5.6.2 Advantages of Conducting The Pilot Study

There are many different and varied reasons why researchers would want to conduct a pilot study, but whatever their reasons are, the chief objective of these pilot studies being undertaken is to ensure that the actual survey to be taken later will be as smooth as can be.

Black and Champion lists down four advantages of conducting a pilot study, all of which were relevant to this research in one way or another.

These advantages are³⁷ :

1. Pilot studies help to discover the mechanical problems associated with interviews, questionnaires etc.
2. Pilot studies assist in developing better approaches to target populations.
3. Pilot studies help researchers to develop meaningful methods of categorizing data to be collected, and,
4. The researcher will be able to determine whether or not a more substantial investigation of the same phenomenon is warranted in the actual study.

³⁷Black, James, A. and Champion, D.J.: *op.cit.*, 1976, pp.114-115.

Sproull³⁸ gave 22 advantages and beside the above, she also said that, among others, pilot studies,

1. help determine if selected variables are the appropriate ones for the study,
2. provide information which may help with the interpretation of the review of literature and related information,
3. provide a check on the validity and reliability of the instruments,
4. provide a check on the appropriateness of the statistical tests and procedures, and,
5. enhance the researcher's reputation for thoroughness because sponsors are likely to be impressed with the professional implications of conducting a pilot study.

Indeed the advantages referred to in the books and cited above were reflected in the pilot study conducted for this research. As has been mentioned earlier, the main problem expected for this research was how to solicit for cooperation from the Chinese entrepreneurs who, being the superior entrepreneurial group whilst at the same time being discriminated against, are always suspicious of people who ask questions about their businesses. The problem was compounded by the fact that this researcher is not a Chinese because if he was, then they would have made some concessions and much suspicion would have been alleviated.

³⁸Sproull, N.L.; 1985, op.cit. p.317-317.

The problems of lengthy questionnaire and unclear wording of the questions were also highlighted by the pilot study. As an example of this, during the pilot study the question on Sector of business involvement revealed that the expectation of some respondents (16 in all) on the nature of the question was different from what was expected by this researcher. This meant that the word "Services", for instance, would have to be explained further during the actual research so that the term would include the building cleaners as much as the insurance agent.

The pilot study which is described above however revealed one startling finding, and that is the Malay (Muslim) lady entrepreneurs in Sarawak are liberal in their outlook and they were neither reluctant nor hesitant to grant an interview. On the contrary, both Malay lady entrepreneurs involved in the pilot study were not only very helpful but they also did not show negative attitudes such as shying away when being questioned.

Even though the pilot study was only done in Kuching, it is sufficient to hold the finding as representative of all entrepreneurs in Sarawak. Again the pilot survey was useful and the following options have been selected especially for the conduct of interviews on the Chinese business community. They are as follows:

Option No.1: Acquiring the Assistance of a Chinese politician

After the pilot survey in Sarawak between January and May 1988, a Chinese elected Member of the Legislative Assembly (*Dewan*

Undangan Negeri)³⁹ who is a close friend of the researcher was approached regarding field survey on the Chinese businessmen and he had agreed to give his assistance in distributing the questionnaires to the Chinese community. The relationship between this researcher and this *Yang Berhormat*⁴⁰ is such whereby this researcher helps in political campaigns in the Malay areas during elections.

Option No.2: Acquiring the assistance of a Chinese Enumerator

Under this option, the services of the Chinese friend who helped this researcher to conduct the pilot study is again recalled. When this friend was doing research for his Ph.D on the Malay community in mid-1985, this researcher assisted him in the distribution of questionnaires and the collection of data from the Malays.

Like the first option, this option also has advantages and disadvantages. However, after considering the pros and cons, it is decided that this option would prove useful on conducting the field survey as possible barriers such as suspicion by the Chinese entrepreneurs had been greatly reduced.

³⁹The Members of the Legislative Council or *Dewan Undangan Negeri* in Bahasa Malaysia are elected through a five yearly state elections. All races are represented in the Sarawak *Dewan Undangan Negeri* and a detailed description of their stature is given in Chapter 4. There are 48 *Dewan Undangan Negeri* Members in Sarawak representing 48 constituencies but for future elections, this number has been increased to 56, an additional 8 constituencies being added after the recommendation of the Committee on Electoral Constituencies of 1986, effective in January 1989.

⁴⁰The term *Yang Berhormat*, meaning The Rt. Honorable, is given to an elected representative of a particular constituency. In normal day-to-day conversation, the equivalent acronym used is YB.

After deliberating on the above two options, and after consultations with the research supervisor, both options had to be employed considering the wide area to be covered. The State Legislative Council Member would provide assistance in getting the support from the Chinese Chamber of Commerce in providing with the full list of the members of the Chamber and also in getting the assistance from the staff of the Chamber itself. This was then followed up by the enumerator described in Option 2.

5.7 QUESTIONNAIRE DESIGN AND DEVELOPMENT

5.7.1 Survey Technique

The discussions in the above sections concluded that the most appropriate method of data gathering for this research, given the factors under which the research is undertaken, is by using the interview method to be supplemented by the postal method for the remote towns or where the respondent decided that he wanted to fill in the questionnaire in his own time and would post the completed questionnaire back after he had completed answering the questions. Conducting the research wholly using the postal questionnaire method was not suitable for this research because of the number of members of both Chambers of Commerce which is below 1,000 and if the postal survey was used, a good response was not expected.

Furthermore, postal questionnaire techniques have several factors which the researcher feels as not suitable to be used wholly for this research and they are as listed below.

Selltiz⁴¹ lists seven factors that can affect the number of questionnaires returned using the postal questionnaire technique:

1. Sponsorship of the questionnaire.
2. Attractiveness of the questionnaire format.
3. Length of the questionnaire.
4. Nature of the accompanying letter requesting cooperation.
5. Ease of filling out the questionnaire and mailing it back.
6. Inducements offered to reply.
7. Nature of the people to whom the questionnaire is sent.

In addition, Bailey⁴² mentioned three additional factors and they are:

1. Type of mailing.
2. Time of the week, month, or year the questionnaire was mailed.
3. Nature of the follow up.

To these factors, this researcher has added another one and that is "suspicion" by the respondents. The nature of the racial mix of the country and the way they conduct their businesses among them with such policies as special rights for the Malays means that the Chinese have always to be on their guard to protect their businesses lest they give away too much information which they fear might be used against them. This was the opinion of the 10 Chinese entrepreneurs visited during the pilot study. The arrival of a mail at their doorsteps asking them the questions which have been included in the

⁴¹Selltiz, G., Jahoda, M., Deutsch, M. and Cook, S.W., 1959, *op.cit.*

⁴²Bailey, R.M., Methods of Social Research. New York: The Free Press, 1978, p.133.

questionnaire would be treated with caution. This is why the interview technique was selected and the interview technique itself had to be modified to ease this suspicion.

Black and Champion⁴³ mentioned that out of the above factors, the two factors which are fundamental in deterring respondents from answering returning questionnaires are questionnaire length and the questionnaire contents.

According to Black and Champion⁴⁴ too, a common belief is that shorter questionnaires will be returned complete more often than longer ones. Even though there are many studies that have been carried out to investigate the effects of questionnaire length on response rate, there is no conclusive evidence to support this belief. Even though these studies do not support the belief, these authors "assumed" and said that it is "obvious" that persons eventually get tired of answering questions or responding to statements in questionnaires as the length increases. However, there is no specific guideline as to what constitute a "short" and "lengthy" questionnaire.⁴⁵

5.7.2 Questionnaire Contents And Design of the Questionnaire Forms

The pros and cons of the postal survey method were considered in depth in designing the content of the questionnaire form, and the way the variables were arranged. The questions used in

⁴³Black J.A. and Champion, D.J. 1976, *op.cit.*, p.136.

⁴⁴*Ibid.* p. 396.

⁴⁵Black, J.A. and Champion, D.J., *ibid.* and Moser C.A. and Dalton, *op.cit.* p.263.

the questionnaire are structured and mostly close-ended. The questionnaire format used in this study were developed from two sources viz,

- a. previous studies that had been conducted by other researchers⁴⁶, and
- b. as a result of pre-testing the questionnaire and also the pilot study conducted in Sarawak.

The questions have been designed especially to discover the relationships between the attributes of the Malays and the Chinese and how these relationships are related to their business attributes. Since most of the questions are close-ended, the nominal, ordinal and interval scales of measurements are used.

Where the questions involve using scales, an important point to consider is that it should include a point for "neutral" or "undecided" category. Black and Champion⁴⁷ stressed the importance of including this category because;

"if a choice is forced when, in fact, the person really has specific preference for an answer it is easy to see how the researcher can end up with data that are questionable of their theoretical and substantive import".

In all of the scaling systems used, a point of neutrality has been included. In consideration of the above factors, the questionnaire forms have been designed to be as concise as possible.

⁴⁶Such as Conway and Popenoe.

⁴⁷Black, J.A. and Champion, D.J., *op.cit.*, p.10.

The questionnaire is divided into three parts as below:

Part 1: Personal Characteristics, Family Background etc.

Part 2: General Business Activity, Business Experience and
Involvement

Part 3: General Attitudes Towards Business

No variations were made as to the exact content of the questions between the two groups. Questions in Part 1 refer to the personal characteristics and upbringing of the entrepreneur, and a four point scale method for scoring the answers is largely used. In this instance, a point of neutrality is not included because it is not relevant. The reason for this is that the questions are fairly straightforward and are descriptive in nature. There are 19 questions in this part and they include such questions as age, sex, marital status, family background, where the entrepreneur lived when he was young, size of family, languages spoken etc.

Part 2 of the questionnaire consists of 22 questions regarding the respondent's business exposure and general business background. The respondent's experiences in business, training undertaken, his initial capital and other questions related to finance and the length of time he has been in business are asked. In short, Part 2 seeks such information as the type of business sector involved in, size of business, capital, customer profiles etc.

Part 3 contains 5 questions, the nature of which mainly seek to study the general opinion of the respondents on certain aspects of their business environment, such as their attitudes on

joint-ventures between the different races, what they generally think of the involvement of the other races in business, their perceptions of the degree of help from the government etc. The general opinion survey is provided with ranked answers based on a Likert five point scale and ranged from "strongly agree" (1) to "strongly disagree" (5).

As has been mentioned earlier in this section, the works of Popenoe, Conway and Charlesworth were used as a guide in the formulation of the contents of the questions. In most cases the original questions were adjusted to take into consideration the characteristics of the Malay and Chinese entrepreneurs which are deemed to be predominant in determining the state of one's business as well as the length of time that has lapsed before the particular state is achieved. As was stated in the previous section, questions which call for specific disclosures on the part of the respondents are kept to a minimum. The questions used in this study were also designed to be self explanatory in the event that they wished to fill it in their own time. A copy of the questionnaire is included in Appendix 4.

From the above discussion, it can be seen that the questions were designed to be as concise as possible whilst at the same time, easy to execute. All questions require the interviewer to only circle the appropriate answer indicating the answers as provided by the respondent. As a scaling system is used in the majority of the questions, most, if not all, of the variables in the research are quantifiable. This greatly helped to expedite the coding and analysis of data with the specific statistical computation explained later on in the chapter.

The questions are spread over 7 pages. Part of the first page of the questionnaire is used to briefly state the objective of the questionnaire together with a pledge of confidentiality of information provided and anonymity of respondents. Even though the questionnaire is "short" when compared with the "long" ones used by Popenoe⁴⁸ and Conway⁴⁹ which consist of many more questions than the ones in this research, the questions used herewith is deemed sufficient by the researcher to adequately cover the various aspects of business activity of both groups in the survey.

Another factor that was taken into account is the tone of the questions. There are certain questions that the local Sarawak entrepreneurs will not be willing to, or may be prevented from answering, for personal or other reasons. The reasons may range from not wanting to breach one's principles to sensitiveness of the respondents as regards their political or other consciences. For the former, an example of this is the question which asks the respondent the percentage amount of profits he makes out of his business. The result of the pilot study on this was not encouraging but this question was nevertheless included in the actual survey. For the latter, no question reflecting the political views or affiliations of the respondents were included.

Questions which have political intonations have been avoided in the final survey, for the reason that issues on politics are very sensitive in a multi-racial country like Sarawak. As can be seen from Chapter Four, Sarawak has a multi-racial and multi-party

⁴⁸Popenoe, Oliver; London, 1970, *op.cit.*

⁴⁹Conway, B.M., Ph.D thesis, *op.cit.*

government which is represented by members from all the races found in the country. Politicians and leaders of the different races from time to time raise issues and questions in the State Legislative Assembly on how much their communities benefit or lose when, for example, a new piece of legislation is debated and eventually enforced. However, there are a multitude of questions that are necessary in surveys like these, especially those questions that need to be asked in order to prequalify the entrepreneur to see if they fit into the small business category. A description of how the entrepreneurs can qualify into the research category is made in an earlier chapter. Thus, in order to obtain more cooperation, questions requiring the respondents to reveal specific disclosure are not included.

As was discussed in the preceding section, anonymity of the respondents is of prime importance in carrying out the survey. Thus, even though the respondents might be interviewed personally, their identities are not revealed. There is no intention to record names in the questionnaire forms. Inducements towards encouraging the respondents to cooperate are not necessary because the researcher is very well versed with local expectations and it is felt that there would be enough cooperation from both communities to suffice for representativeness of the survey coverage.

5.8 PRETESTING THE QUESTIONNAIRES

According to Gorden⁵⁰ the interview method is useful as pretest devices for survey questionnaires because:

⁵⁰Gorden, R.L., Interviewing: Strategy, Techniques and Tactics. Revised edition, Homewood, Illinois, Dorsey Press, 1976, p.55.

- "1. They permit an investigator to explore the clarity of questions with the respondents.
2. They enable investigators to structure responses along lines more realistically related to the range of views as seen by respondents.
3. They bring to the forefront those questions that, for one reason or another, respondents do not want to answer".

In the case of this research, sample questionnaires were distributed to the following in November 1988 as a prelude to assessing the strengths and weaknesses of the questions so that final changes can be made before the questions are posed to the respondents.

- 1) Senior research students from Malaysia then studying at Stirling University as well as other people holding key posts in various public or private corporations in Sarawak, including the Sarawak Economic Development Corporation, MARA (Kuching Branch), the MARA Institute of Technology, (Sarawak Branch), and the Ministry of Trade and Industry. The pre-testing involved 20 people including Para.2 below.
- 2) As a precaution the sample questionnaire was also distributed to two Malay and two Chinese entrepreneurs whose business have connections with the researcher's family business. They were informed that it is just a test and that their assessments would be used just as a guide to the general layout and content of the questionnaire.

5.9 QUESTIONNAIRE ANALYSIS AND STATISTICAL MEASUREMENT

5.9.1 Questionnaire Analysis Systems Design: The SPSSX

With 367 completed questionnaires received at the end of the field survey, the task of analysing the results could not have been undertaken without the use of some computerised statistical packages. The first task was to examine the purpose of undertaking the study and the objectives as well as sub-objectives of the research so that the appropriate statistical software which can undertake all the required statistical analyses can be selected. Three different packages which are available in the University of Stirling were reviewed. They are STATSGRAPHIC, MINITAB, and the SPSSX. All the software packages mentioned and reviewed are capable of the frequency counts which this study requires, but the analyses required is much more than that, so the selection had to be done more rigorously. The simplest programme was STASGRAPHICS, which could be worked using a personal computer with a minimum of 20 megabytes of memory. The biggest limitation of using STATSGRAPHICS, beside it being slow in number crunching on the PC was that the package can only work on 60 variables whereas the questionnaire has 69. Even with the simplicity in running the program, STATSGRAPHICS was clearly not the right package to use for this study.

MINITAB, which is available on the University's DEC VAX system was next reviewed. After consultation with the staff at the University's Computing Department and the Computer Advisory Unit, it was found that even though MINITAB can be used to compute several sophisticated statistical analyses, the program was not powerful enough, especially for cross-tabulation purposes. For that reason, a more powerful program was needed and this prompted the review of

SPSSX, which is far more superior. The only limitation with SPSSX was that it was difficult to master and a considerable amount of time was needed to learn the whole procedure of running the software. SPSSX is also available on the University's VAX system. At the University of Stirling, one needs to use the VECCE editor to run the SPSSX program and this has to be learned separately. In the final analysis, once the SPSSX commands and the VECCE editor were mastered, the program proved to be the most suitable for the correlation analyses and cross-tabulation.

5.9.2 SPSSX Program Design and Execution

The program has three basic structures, consisting of;

- * Programme File - MURNI.SPX
(containing the procedures listed below,
executed individually)
 - CROSSTABS VARIABLES = V (LIST) TO V (LIST)
 - FREQUENCIES VARIABLES = V (LIST) TO V (LIST)
 - PEARSON CORR = V (LIST) BY V (LIST)

- * Data File (Containing the Variable List and Value Label)
 - MURNI.DAT

- * Results File - MURNI.RES

The data from the questionnaires were broken into variable codes, in standard 80 column computer programming coding sheets. The computer codes for the questions and the variables were provided in the column at the right hand side of the questionnaire and a warning note was included to advice that these sections were not to be filled.

A copy of the coding frame and the questionnaire can be seen in Appendices 2 and 4 respectively.

5.9.3 Statistical Techniques for the Correlation Analyses

Since every answer in the questionnaire is quantifiable, it was not too difficult to apply the statistical techniques to analyse the data. Data obtained from the questionnaires were transferred to the MURNI.DAT file and the SPSSX MURNI.SPX file performed the statistical computation. Non-parametric testing was performed on the data. These include:

- a. Descriptive Statistics: Used to explain and describe the data.
- b. Measures of Association or Correlation

The statistical tests conducted were necessary both to measure if there are statistically significant relationships between variables and between the groups. At the same time, it also measured the strength of this relationship, since the significance tests only show that the relationships exist. Coefficients that measure the strength of the relationship are called *measures of association or correlation*.

For this study, the measures of association used to measure the strength of the relationships between the variables are:

1. *Phi coefficient*

The *phi coefficient* is used for variables using the nominal level

of measurement and is also known as the Yule *phi*⁵¹. Even though the *phi coefficient* is very close to the value of the chi-square, the chi-square value is not referred to in this case because the research does not make any inference from sample since the whole population is used. The *phi coefficient* is used when the two distributions correlated are dichotomous.

2. Gamma coefficient

Gamma coefficient was used for variables using ordinal level of measurement and is also known as Yule *Q*. The *gamma coefficient* is used for ordinal tables which are larger than 2 x 2 or which are more familiarly known as *R x C* tables where *R* stands for rows and *C* means columns. Present day researchers do not need to compute gamma or any of the figures referred to in this study manually any longer because all the figures were computed by the SPSSX programme. The *gamma coefficient* value is interpreted similar to Pearson's *r* mentioned below where absolute zero means independence of variables, -1 representing perfect negative correlation and 1 representing perfect positive correlation.

3. Pearson's Product Moment Correlation Coefficient (r)

The Pearson's product moment correlation or *Pearson's r* (as it is commonly called) is used for measuring the association between variables using the interval level of measurement. As is true for *gamma*, *r* varies from -1 (perfect negative relationship) through 0 (no

⁵¹See Yule, G.U.: *On the methods of measuring the association between two attributes*. *Journal of Royal Statistical Society*, 1912, 75, pp.576-612; adapted from Guildford, J.P.; *Fundamental statistics in psychology and education*, New York: McGraw Hill, 1965, p.333.

relationship, or independence) to +1 (perfect positive relationship). If the r value computed by the computer is very low (eg. less than 0.10), then it is considered as either not empirically or statistically significant. If the r is high, (eg. 0.95 or higher) then it will be empirically and statistically very highly significant. If the r is of intermediate value (eg., from 0.10 to 0.949) then the result is sufficient to be considered as not significant. In the case of this study, tests of significance are provided by the printout of the SPSSX analysis and for significance purposes, the 0.01 level is used. Where the figures fall outside this level, then, the 0.05 level of significance is referred to.

5.10 LIMITATIONS TO THE RESEARCH AND HOW THEY WERE OVERCOME

In the early stages of the research, many limitations were expected which was thought as paramount and which would interfere with the proper conduct of the research process. These were;

5.10.1 Research Expenses

The problem of finance was the most demanding one for this research, considering that the population to be studied are spread all over Sarawak and that this research covered entrepreneurs in the whole country. The Sarawak Government Tunku Abdul Rahman Foundation which provides the scholarship for this study covers expenses which are only adequate for tuition fees, monthly allowances and other expenses such as winter clothing, books and monthly allowances and the necessary plane tickets to and from Scotland, which is only for one way travel only. Other than that, all other allowances have to be raised

personally by this researcher. The expected problem was for the travel and other ancillary expenses for the conduct of the field survey through interviews to the other towns in Sarawak.

To overcome the additional financial requirement, this researcher returned to Sarawak for six months in each of the two years, the first trip for the conduct of the pilot study and the second trip for the conduct of the field survey. For the purpose of raising funds during the first trip home for the pilot study, this researcher worked as part-time lecturer with the Kuching branch of the Mara Institute of Technology, teaching the subject "Entrepreneurship" and "Principles of Management". During the second trip for the actual survey, this researcher also lectured one subject with the same institution on part-time basis whilst at the same time being paid to conduct a small scale research for the Parti Pesaka Bumiputra Bersatu (PBB) for its NECC representatives. As a coincidence, most of the data required for the NECC that this researcher obtained for the PBB were also relevant for this research. The extra funds brought about by these two activities were still inadequate and had to be supplemented by the researcher's own personal savings.

Part of the problem of approaching the members of the Malay Chamber of Commerce was solved when this researcher was invited by the SEDC Bumiputra Entrepreneur Development Division to present papers a couple of times on entrepreneurship and success/failure symptoms of business management through the entrepreneurial workshops they organise to enhance small business in the state. Many of the participants were members of the Malay Chamber of Commerce and this saved a significant amount of time and money because they agreed to be interviewed and filled their questionnaires after the talks were over.

5.10.2 Time

There was also the fear initially that there would not be enough time to fully complete the research, also because of the size of the country. This was overcome by proper planning of the schedule of the research from the beginning. For example, as soon as the variables were decided upon, the coding frame for the value labels and the variable labels of the SPSSX computer programme was designed and a dummy run was made on the computer before this researcher left for home to conduct the field survey. This saved a lot of time because minor hitches on the programme were ironed out within a few days upon returning to Stirling University for the actual data processing.

5.10.3 The Population

Initially, the research planned to use samples to be taken from a sampling frame. It was planned that the sampling frame to be used would be derived from several sources including the Business Registration Section of the Inland Revenue Department. The Chambers of Commerce of the two groups in this study was also included in the original sampling plan. However, while conducting the pilot study, it was found that the membership list of the Chambers of Commerce would be sufficient and they were found to cover the whole of the country. As the total membership for the two Chambers did not exceed one thousand, the plan to use samples was dropped altogether and the whole population was used instead. This greatly eliminated bias in arriving at answers which would not have been representative of the whole country if sampling was used.

5.10.4 Respondent Bias

The issue of bias by respondent was deliberated in depth. This was because the researcher, being a Malay, would have aroused suspicion by the Chinese entrepreneurs. This issue has been discussed earlier in the chapter, whereby two methods were adopted in the conduct of questionnaires for the Chinese entrepreneurs.

Out of this, however, another limitation emerged, and that is the names of the persons participating in the conduct of the field survey cannot be mentioned in this paper because of an agreement arrived at earlier with the persons concerned.

5.10.5 The Data

The only major limitation after the whole research has been completed is the naming of sources for a sizable proportion of the data referred to. For example, data obtained from the Courts Registrar on bankruptcies could not be published in its outright form. The High Court of Borneo however publishes in the local newspapers, especially the Borneo Post, and references to court action on bankrupts are related to what has been published. Some other data could not be published because of the Official Secrets Act such as on the latest land development plans as well as the areas or scale of these land development plans.

5.11 SUMMARY

The research method employed in this area of research comprised of personal contact with the respondents and requesting that

they fill in the questionnaires in a way similar to the conduct of a personal interview. The reasons as to why this technique is chosen has been discussed above. The questions used in the questionnaire form have been designed to ensure that the respondents would find it easy to complete in the event that they preferred to fill it in their own time, without compromising on the depth of the coverage.

Factors such as the design of the questions, the anonymity of respondents and the choice of questions included in the questionnaire forms have been carefully considered against the objective of the research when designing the questions.

The questions were pre-tested with the help of senior research students at Stirling University using similar techniques referred to above but using the postal method for the bank officers, lecturers and other participants mentioned in Section 5.8 above because at the time of the pre-testing, the researcher was still in Scotland. The data collected from these questionnaires were all quantifiable and were processed through the SPSSX package which was the only computer programme used throughout the research for analysing the data. Non-parametric statistical measurement has been used extensively throughout the whole data analysis.

CHAPTER SIX

BREAKDOWN OF FREQUENCY
DISTRIBUTION AND COMPARATIVE
ANALYSIS

BREAKDOWN OF FREQUENCY DISTRIBUTION AND COMPARATIVE ANALYSIS

6.1 INTRODUCTION

It has been explained in the previous chapter that the respondents for this survey come from whole population groups, that is they are members of the Malay and Chinese Chambers of Commerce in Sarawak.

It should be remembered here that this study compares characteristics of whole groups within a wider spectrum of population groups (the small business entrepreneurs in the whole of Sarawak) and the study does not use any particular sampling method. Thus, since whole groups are used, no hypothesis testing has been carried out. This is because when characteristics of populations are compared, any differences are considered real differences rather than a sample estimate requiring a probability level. By virtue of its definition, hypothesis testing is mostly used by researchers specifically to make inferences about populations from samples. Thus, as has been stipulated in Chapter Five, one of the main advantages of doing this type of study is that there will be no sampling error because there is no sampling done. However, as shown by this analysis, this method does not eliminate measurement error altogether.

The Chinese Chamber of Commerce of Sarawak, whose members constitute the Chinese group in this study, officially has 650 members¹ in its membership list and the Malay Chamber of Commerce,

¹Data on the membership of the Chinese Chamber of Commerce was made available for this research through Mr. Ehor, An Bee, free-lance writer and stringer for the Sarawak United People's Party. Mr. Ehor once worked as information liaison officer with the Information Department in Kuching.

likewise, has a membership of 348². Both Chambers of Commerce, however, have affiliated membership in the form of regional and local trade associations. Even though most of the respondents requested that they complete the questionnaires in their own time, some of the respondents filled in their questionnaires after attending one of the business related workshops and seminars that this researcher gave to local Sarawak entrepreneurs as mentioned in the previous chapter. However, some of the members of the Chambers of Commerce are from towns which are remotely located, so, for these entrepreneurs, their questionnaires were distributed by a third party (in this case, a *Councillor* with the local Municipal Council) and mailed back to the researcher. The remote towns where the survey was conducted using the latter are Kapit and Limbang/Lawas. At the end of the survey period, 10 Malays and 8 Chinese respondents from Kapit and 8 Malays and 7 Chinese respondents from Limbang/Lawas were approached using the latter method, a total of 33 respondents out of the total of 21 Malays and 74 Chinese in these two areas.

The empirical research conducted in Sarawak involved two stages. The first stage, conducted during the period between January and May 1988, was used specifically to conduct a pilot study (and pre-testing of preliminary questions) on the overall research process. The second stage, was for conducting the actual field survey which culminated in the distribution of questionnaires to the population groups in the first half of 1989. During the second stage too, this researcher was invited to present papers to the local entrepreneurs on

²Source: Mr. Syed Habib Syed Shukran, local entrepreneur and Secretary General of the Malay Chamber of Commerce.

business related issues such as on business strategies, business failure syndromes and other business management topics and this gave the opportunity for this researcher to get to know most of the respondents and to get them to fill in the questionnaires. It needs to be mentioned here though, that the final survey would not have been smoothly conducted without having done the pilot study earlier. Details of how the pilot study was undertaken has been presented in Chapter 5.

In both this and the following chapter, the results of the analysis of the questionnaires, the response rate, the profile of the respondents who make up the respondent population and their chosen sector of enterprises are discussed.

The analysis of the survey presented in the current chapter has been prepared along the lines of the objectives of this research as presented in Chapters 1 and 2. As previously outlined, the main objectives of this research, that is the comparison between the business activity of the Malay and Chinese entrepreneurs have been split into three and they are as follows;

Objective 1: The comparison of the general characteristics between the Malay and Chinese entrepreneurs;

- a. Present age of the respondents,
- b. The age when the respondents started their businesses,
- c. The number of years they have been running their own businesses,
- d. Level of education achieved by the entrepreneurs.

- e. Amount of initial capital used for starting the business,
- f. Percentage of own money used in the initial capital,
- g. Number of hours spent on the business per average working day,
- h. Who was most influential in the decision to go into business,
- i. The importance placed on government incentives on the conduct of business.

Objective 2: The comparison between the characteristics of the family background of the Chinese and Malay entrepreneur based on the following variables:

- a. The status of the family of the respondent when he was young (measured in terms of income level of the father or guardian),
- b. The principal job of the respondent's father (guardian)
- c. The size of the respondent's family (measured by the number of brothers and sisters in the respondent's family),
- d. The effect of the presence of other family members in businesses.

Objective 3: Comparative Analysis of Other Variables:

- a. The influence of religion on the conduct of everyday business,

- b. The importance placed on borrowing for additional capital from:
 - i. Family members
 - ii. Friends
 - iii. Commercial Banks
 - iv. Other Banks and Financial Institutions

- c. The most pressing problems faced by the respondents
 - i. on start-up,
 - ii. during the first two years of their businesses, and,
 - iii. at present.

An explanation of some of the terms used in the questionnaire will precede the data analysis so that the results can be made more understandable and thus will be better understood.

6.2 The Variables

Altogether, a total of 69 variables were included in the questionnaire which was divided into two sections. Section A has two parts and contain 64 variables used to analyse the general business/personal characteristics of the entrepreneurs as well as the factors which contribute to the way they conduct their businesses daily. Section B, which contains the third part, was initially meant for research into general opinion survey and this section comprise 5 questions (5 different variables) but after all results were keyed into the computer for further analysis, the results from this section were eventually not included in the SPSSX computation because there

was already sufficient data necessary for answering all the research questions used in this comparative analysis.

6.3 The Statistical Tests Used in this Research

Data obtained from the questionnaires were entered into a computer file (data processing and the coding frame used in processing the data is given in Appendix 2). The SPSS-X (Statistical Package for Social Science - Extended Version) computer package in the University (Stirling) VAX Mini Computer System which has been explained in Chapter Five was used in processing and analysing the data. Several statistical tools were used in examining the data obtained from the survey. They are:

- a. Descriptive statistics such as frequency distributions, counts and standard deviations
- b. Measures of Association for Contingency - Correlation Coefficient

There were eight open-ended questions which required the respondents to provide actual figures. An example of these questions would be the present age of the respondents and the age at which they started to do their own business as well as the number of years they were already doing business, and the initial start-up capital required for the business. For these questions, the respondents had to fill in what they regarded as the right answer. Since all answers to these eight questions were numerical, they were then recoded to make SPSS-X computation easier.

The basic purpose of conducting the survey and the ensuing statistical analysis was to find if there was any relationship between

the groups and the variables, and further to that, to find the strength of the relationship.

Thirteen of the variables (variables 4, 5, 6, 15, 9, 51, 10, 11, 8, 13, 34, 35 and 36), by virtue of their measurement, are classified as variables using nominal measurement. Five variables used ordinal level of measurement (variables 23, 54, 55, 56, 57) and a further five used interval level of measurement (variables 3, 50, 58, 33 and 52).

Since this research is a study of the comparison between the Malay and Chinese entrepreneurs on their business activity, the statistical tests were specifically conducted to measure if there are statistically significant relationships between variables and between the groups. Further to that, the tests also measured the strength of this relationship. Coefficients that measure the strength of the relationship are called *measures of association* or *correlation*.

For this study, as has been mentioned and elaborated in Chapter Five, the measures of association widely used to measure the strength of the relationships between the variables are:

1. *Phi coefficient* for variables using nominal level of measurement,
2. *Gamma coefficient* for variables using ordinal level of measurement, and
3. *Pearson's product moment correlation coefficient (r)* for variables using the interval level of measurement.

Out of the total number of 69 variables set out in the questionnaire, only the above-mentioned 23 have been selected to be

used for the final comparative analysis which this research deals with based on the objectives set as out above.

6.4 The Business Sectors Covered in the Survey Questionnaire

As a result of the pilot survey, it was discovered that small business in Sarawak can be adequately categorised into eight sectors, viz: Retail, Wholesale, Cottage Production, Handicraft, Services, Contracting, Catering and Supplying. This question is designated as Variable 5 in the questionnaire form.

Out of the 367 entrepreneurs from both groups who completed (and returned) the questionnaire forms, only sixteen entrepreneurs made further queries on this variable and their queries revealed that they were not clear about their sector because they were expecting their respective sectors to be mentioned outright. This would mean that, if they were retailing furniture, they expected to see the words "Furniture Retailer" printed in the questionnaire, rather than the word "Retailer" only. Because the number of queries received was small, they were dealt with individually as and when the respondent asked.

Nevertheless, the sectors are also explained below so that the reader will have a clearer picture of what the sectors represented. They are explained here, the same way they were explained to the respondents. A copy of the questionnaire is shown in Appendix 4. The rest of the questions in the questionnaire did not raise any further query.

- "Retail" refers to the entrepreneurs who engage in the retail trade and covers all products from food to timber to petroleum products.
- "wholesale" refers to the wholesale trade where there is a minimum quantity to any purchase before one can qualify to purchase. Products referred to also range from food to timber to petroleum products.
- "cottage production" refers to the small scale production of goods such as woven mats, food items or finished products such as polyurethane containers and ancillary parts or components using either the home or shop-houses in the outlying areas as the production plant. In Sarawak this trade is very popular but the problem for the authorities is that most of these "cottage producers" never register themselves or their businesses.
- "Handicraft" refers to handicraft production. In this case, the trade referred to refers to the manufacture (mostly by conventional means using simple tools) of products which are made for the gift and decor market, using locally available materials such as bamboo and rattan cane. Such products might include baskets, gift items in the form of miniature tables and chairs, colourful kites and beadwork. The target market for such products would be the gift shops or other wholesalers whose market extends beyond Sarawak.
- "Services" in Sarawak is mainly used to mean the provision of services such as general cleaning (for example office cleaning) or the cleaning of windows for tall buildings. Other services include grass cutting and delivery or small-time transportation. This contrasts to the businesses that the term refers to in

developed countries like Britain, where the term "services" covers a wider spectrum of enterprises such as commission agents for insurance, commissioner for oaths and the like.

- "Contracting" refers to general contracting and the word is synonymous with the construction industry, from the smallest (such as the one-man plumber business or electrician) to the biggest (for example, a housing developer).
- "Catering" refers solely to the food and beverages catering industry. It did not include manufacturers or producers of soft drinks, where there are quite a number in Sarawak. The entrepreneurs in this category mostly ran food outlets and the list in this category includes coffee shops, food shops and other food related businesses. The private catering business is popular both amongst Malays and Chinese, with their own respective markets. For the Malays, however, this sector did not become popular until after 1975 from which time there was an increase in business space allocation by the local town councils and the Sarawak Economic Development Corporation who played a major role in the construction of eating stalls and shopping premises
- "Supplier" refers to the entrepreneur whose business is to bridge the gap between retailers, wholesalers and producers. They supply all items ranging from office stationery to hardware and tools. It is not uncommon to find suppliers who only supply fertilisers, or someone who only supplies labourers to the timber industry.

The list of categories included in the business sector is meant to represent all the businesses within the definition of "small business" in Sarawak, based on the working definition given out in Chapter 2.

PROFILE OF THE RESPONDENTS: AN ANALYSIS OF THE
FREQUENCY DISTRIBUTION

There is a great disparity between the total number businesses owned by the Malays and Chinese in Sarawak. This is shown by Table 6.1 below which is the latest published figures available for the country³. The table however, shows the actual breakdown for the whole country and also includes figures for the other major races as well. The figures for the Malays and Chinese have been printed in bold lettering so as to make it easier for the reader to comprehend.

TABLE 6.1: INDUSTRIAL INVOLVEMENT OF PEOPLE BY ETHNIC ORIGIN (%)

	Malay	Melanau	Iban	Bidayuh	Other Natives	Chinese	Others
Agricultural/ Forestry/Hunting and Fishing	10.01	4.34	53.79	11.05	7.57	12.29	0.95
Mining and Quarrying	23.56	2.84	20.49	7.78	8.53	28.32	2.47
Manufacturing	24.07	8.76	10.92	3.18	2.96	48.31	1.80
Electricity/Gas and Water	35.76	4.70	9.25	6.09	1.62	40.09	2.50
Construction	11.28	2.70	14.63	4.49	2.12	58.25	6.54
Wholesale/Retail Trade and Restaurant	11.92	2.50	5.02	2.59	1.27	75.39	1.31
Transport/Storage and Communications	20.97	4.60	7.77	2.29	2.35	59.01	2.01
Finance/Insurance and Real Estate Services	19.0	2.59	9.13	4.07	1.30	61.79	2.11
Community/Social/ Personal Services	34.30	6.95	14.23	7.45	3.42	33.23	2.32

³Statistics Department, Sarawak: Annual Statistical Yearbook - Sarawak, 1967.
Government Printing Press, Kuching.

Both population groups were given one hundred percent coverage, and they fall under identical categories, that is they belong to their respective Chambers of Commerce operating under similar social, economic, geographical and political conditions. Both groups are exposed to the same banking, financial tax restrictions and infra-structure and both groups have the same market coverage for their businesses.

On the basis of membership to Chambers of Commerce, the two population groups are thus technically homogeneous. This does not mean that every Malay and Chinese entrepreneur in Sarawak are members of these two Chambers of Commerce. It should be noted, however, that there are many more entrepreneurs who are not members of the two Chambers of Commerce included in this study, whilst, at the same time, members from both groups may still belong to other trade associations or trade guilds which protect other interests or areas. Thus, it must not be assumed that there is only one Chamber of Commerce representing the Malays or only one Chamber of Commerce to look after the interests of the Chinese entrepreneurs. These two Chambers of Commerce, however, are the main ones. The entrepreneurs in the two population groups who were studied may still be members of one of the other trade associations and guilds in Sarawak.

For the Malays, there are other local or regional trade associations such as *Persatuan Pedagang Melayu Bintulu* and the *Persatuan Melayu Miri* and for the Chinese there are many other trade guilds and other welfare based organisations which mostly represent the Chinese clans and factions found in the country. For example, the Chinese who speak the Foochow dialect have their own *Foochow Traders*

Association; The *Heng Hua* speaking clan have their own Trade Guild or Chamber of Commerce. Then again, there are other bodies which, beside also having trade and commercial interests, also cater for welfare and religious matters such as the *Hun Nam Siang Teng* and the *Che Khia Khor Moral Uplifting Association*, to mention but a few. In fact, at the present moment, there are more than 950 different Chinese based clans and associations in Sarawak⁴, out of a total of 1710 registered associations. The big difference here is that the two selected Chambers of Commerce have members scattered all over the country whereas the other Chambers are mostly local in composition.

The distribution of the questionnaires to both groups started during the middle of March 1989. For the respondents who wished to fill in the questionnaire in their own time, they were requested to return the completed questionnaires at least two weeks after contact was made. This gave the researcher one and a half months and this period was sufficient to cover the length and breadth of Sarawak, taking into consideration the inherent transport and communication problems between the towns.

Out of a total number of 348 questionnaires distributed to the members of the Malay Chamber of Commerce, the number of Malays who participated and completed their questionnaires were 204. For the Chinese group, 163 questionnaires were returned out of the 650 in the population. All the members on the membership lists of both Chambers of Commerce were approached, giving a 100 percent coverage.

⁴Source: The Registrar of Societies, Sarawak Branch, 1989.

All the questionnaires hereby analysed were received before the end of April. When no more questionnaire forms were seen to be forthcoming then, one final effort was made during the period between the 1st and the 15th of May to contact as many of the members as possible to find out if those who had not returned their questionnaires would do so. Some of the entrepreneurs contacted made promises but no other completed questionnaire forms were eventually received. There were no reasons provided as to why many more entrepreneurs did not return the forms.

Simple percentage calculations shows that the response rate was 25% for the Chinese and 58.5% for the Malays. However, it has been mentioned in Chapter One that this is a Descriptive Research, so for that matter, all the returned questionnaire forms were included in the statistical analysis.

As has been said earlier, most of the Malays were approached personally by the researcher with the exception of those entrepreneurs whose businesses are located in Kapit and Limbang/Lawas (33 in all), whose questionnaires were handed out to them through a third party. A total of 76 Malay respondents filled their questionnaires immediately after attending the business workshops and seminar lectures mentioned earlier in the chapter which this researcher gave out to members of the Malay Chamber of Commerce during the first six months of 1989 in Sarawak and the rest (excluding for Kapit and Limbang/Lawas) were approached separately and their questionnaire forms were given in person.

Where the questionnaires were distributed after the business lectures, this was done in such a manner that as soon as lectures were over, the questionnaires would be distributed to the

participants and they were given ample time to answer all the questions and this researcher would then help to explain any part of the questionnaire that required further explanation. Some of them eventually took the questionnaires home to be filled in their own time.

As said earlier in the Chapter, the job of distributing the questionnaires for the Chinese group was done by the Chinese friends of the researcher, one of whom is an influential figure in the Chinese political circles in Sarawak and the other enumerator is a friend who has completed research for his Ph.D and whose research was assisted by this researcher when he was doing his research on the Malay community during the period between 1984 and 1985.

Almost all the Malays (96 per cent) chose to answer the questionnaires which had been translated into Bahasa Malaysia⁵. For the Chinese, none of the questionnaires which had been translated into Mandarin⁶ was used. They had preferred to answer the English version. This was not at all surprising because the questionnaires had been designed in such a way that most questions were given numerical answers and they only had to circle the answer of their choice and furthermore all schools in Sarawak teach as well as use the English language extensively, whether using Bahasa Malaysia or Chinese as the medium of instruction.

⁵Bahasa Malaysia is the official national language of Malaysia (since early 1970). It was originally known as Malay, or *The Malay Language*. In fact, Malay forms the backbone of Bahasa Malaysia. The modern day Bahasa Malaysia has been enriched with words which had been selected from other languages but assimilated in such a way as to make them sound Malay, with the original meaning of the foreign language left intact.

⁶Mandarin is still the first language of Chinese Schools throughout Malaysia.

Even though Sarawak is divided into nine Administrative Divisions, the ninth Division, Samarahan, only came into being at the end of 1988. The towns of Limbang and Lawas in the Fifth Division were grouped into one because they are both located at the northern tip of Sarawak and they are also administered by the same *Resident* based in Limbang. The overall breakdown of the locations of entrepreneurs who participated in this survey is as shown in Table 6.2 below.

TABLE 6.2: BREAKDOWN OF THE LOCATION OF RESPONDENTS

	<u>MALAYS</u>	<u>CHINESE</u>	<u>TOTAL</u>	<u>%</u>
Kuching	91	88	179	48.8
Sri Aman	11	9	20	5.4
Sarikei	8	8	16	4.4
Sibu	34	26	60	16.3
Kapit	10	8	18	4.9
Bintulu	12	8	20	5.4
Miri	30	9	39	10.6
Limbang/Lawas	8	7	15	4.1
	-----	-----	-----	-----
TOTAL	204	163	367	100.0
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Table 6.2 shows that out of the total of 367 respondents who returned their questionnaires, about half (48.8%) of the respondents have their businesses based in Kuching whilst almost all the other towns had almost equal representation with the exception of Miri, where 30 Malays participated compared to only 9 Chinese entrepreneurs.

*A *Resident* is the highest ranking government representative in a District. The term is one of the few that has survived from the colonial past of Malaysia. The duty of the *Resident* is therefore to oversee that the government machinery in a particular Division is run smoothly.

There are only eight identifiable sectors which fit small businesses in Sarawak. The breakdown of Malay and Chinese entrepreneurs by sector is as shown in Table 6.3 below. As can be seen from Table 6.3, the biggest number of respondents are involved in the retail trade, that is 156 respondents (42.5%). This, in actual fact, is reflective of the business structure of the Sarawak economy, where retailing makes up 75% of the total registered business registrations.

TABLE 6.3: BREAKDOWN OF SECTOR OF INVOLVEMENT BY RACE

Sector	Malays	(Percent. of Malays)	Chinese	(Percent. of Chinese)	% of Total	Sector Total
Retail	78	38.2	78	47.9	42.5	156
Wholesale	20	9.8	17	10.4	10.1	37
Cottage Prod.	23	11.3	1	0.6	6.5	24
Handicraft	11	5.4	9	5.5	5.4	20
Services	20	9.8	5	3.1	6.8	25
Contracting	24	11.8	22	13.5	12.5	46
Catering	15	7.4	12	7.4	7.4	27
Supplier	13	6.4	19	11.7	8.7	32
TOTAL	204	100.0	163	100.0	100.0	367

OBJECTIVE 1: THE COMPARISON OF THE GENERAL CHARACTERISTICS BETWEEN THE MALAY AND CHINESE ENTREPRENEURS

- a. Present age of the respondents,
- b. The age at which the respondents started their businesses,
- c. The number of years already running their own businesses,
- d. Level of education achieved by respondent,
- e. Amount of initial capital used for starting the business,
- f. Percentage of own money used in the initial capital,
- g. Number of hours spent on the business per average working day,
- h. Who was most influential in the decision to go into business,
- i. The importance placed on government incentives on the conduct of business.

6.8.1 Analysis of the Present Age of the Entrepreneurs by Race

The returns from the questionnaires show a complete reversal in the frequency distribution between the Chinese and Malay entrepreneurs in the study. There were more Malays below the age of 30 (123 Malays[60.3%] compared to 51 Chinese[31.3%]) whilst there were more Chinese than Malays in the age bracket of above 30(112 Chinese [68.7%] compared to 70 Malays [39.7%]). This result tallies with the results of the study made by Mahmud⁶ on 73 Malay and 71 Chinese entrepreneurs in Peninsular Malaysia between March and June 1976 which

⁶Mahmud, Abdul Aziz: *Malay Entrepreneurship: Problems in Developing A Comparative Empirical Analysis*. Prime Minister's Department, Kuala Lumpur, Occasional Paper No.7, November, 1981.

also revealed that there were more Malay entrepreneurs below the age of 30.

Both the results of this research and that of Mahmud's show that there has been a shift in the age at which Malays start their businesses, as concluded in a study by Nagata⁹ (1972), which found that almost 80 percent of the Malay entrepreneurs in Semenanjung Malaysia involved in her study in 1972 were from the 40 - 60 year old bracket. Nagata's study also revealed that a significant number of the Malay entrepreneurs up to 1972 claimed to have started their businesses mostly as a hobby (more than 80%), something to pass the time with after they have retired from their jobs.

The result in this research then confirms the newness of entrepreneurship among the Malays in Sarawak. The word "newness" is used here to mean that most of the Malays went into business as a result of the call by the government for Malays to enter into business after the implementation of the New Economic Policy in 1970.

TABLE 6.4: ANALYSIS SHOWING PRESENT AGE DISTRIBUTION OF RESPONDENTS BY RACE

	<u>Malays</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
21 - 29	123	60.3	51	31.3
30 - 39	71	34.8	81	49.6
40 - 49	8	3.9	29	17.8
49 above	2	1.0	2	1.3
TOTAL	204	100.0	163	100.0

⁹Nagata, Dr. Judith, A: *Muslim Entrepreneurs and the Second Malaysia Plan: Some Socio-Cultural Considerations*, Asia Research Bulletin, Kuala Lumpur, August 1- 31, 1972, pp.1139 - 1142.

6.8.2 Analysis of the Age at which the Respondents Ventured
Into Business

The question of what age the respondents were when they went into business was also asked to the respondents. The results of the survey is as shown in Table 6.5 below.

TABLE 6.5: ANALYSIS SHOWING AGE OF RESPONDENTS WHEN STARTING
INTO BUSINESS

	<u>Malay</u> (n = 204)	<u>%</u>	<u>Chinese</u> (n = 163)	<u>%</u>
Up to 25 years	65	31.9	22	13.5
26 through 35	95	46.6	129	79.1
36 through 45	33	16.2	12	7.4
46 thru Hi	11	5.4	-	-

For the youngest age-group, that is for the age-group "Up to 25", there were 65 Malay respondents (31.9%) compared to 22 Chinese (13.5%). The biggest group of Malays (95 respondents or 46.6%) was found in the category of age-group between "26 and 35 years" compared to 129 Chinese respondents (79.1%). 11 Malays (5.4%) started their business at age 46 or above and there were no Chinese found in this category. The figures shown by Table 6.5 above, however, can nevertheless be used to deduce that the older Chinese entrepreneurs were not too keen to participate in this research. This deduction is made after this researcher was told by a member of the Chinese Chamber of Commerce that at least 50 percent of the Chamber's members are aged 45 and above¹⁰.

¹⁰Mr. A.B.Rho; *op.cit.*

6.8.3 Analysis on the Number of Years The Respondents Have Been Running Their Own Business

It was a condition for the respondents in this research that only those who had been in business for a minimum of four years would qualify as a respondent. This was laid down as a condition because research on small business entrepreneurs elsewhere has shown that an entrepreneur who can survive past the first four years of their business life are considered as successful and the unsuccessful ones would have been phased out before they reach the four year hurdle¹¹.

Even though Dun & Bradstreet uses the two year minimum trial period for a business to survive before its fate is known, in Sarawak, however, interviews with three local bank managers indicated that they would consider four years as a more suitable period in which to judge whether a business was going to survive or fail¹². The results of the survey on length of business is as shown in Table 6.6 below.

TABLE 6.6: ANALYSIS SHOWING NUMBER OF YEARS ALREADY OPERATING THEIR OWN BUSINESSES

	<u>Malays</u> (n = 204)	<u>%</u>	<u>Chinese</u> (n = 163)	<u>%</u>
4 - 10 years	129	63.2	54	33.1
11 - 20 years	67	32.8	81	49.7
21 years and above	8	3.9	28	17.2

¹¹Dun & Bradstreet Inc. compiles annual reports for business failures for the United States and the definition of business failure used in this study follows theirs which puts a two year cut-out period, beyond which a business has better chances of survival. Source: Dun & Bradstreet, I.c. *The Business Failure Record*, 1988, p.15.

¹²a. Mr. Abdul Jamel Pawanteh, Manager of United Malayan Banking Corporation Berhad, Credit Services Department, interview conducted 24th. March, 1989.
 b. Mr. Drahman Jaladin, Manager of Ruching Branch, Bank Utana Malaysia Berhad, interview conducted 25th. March 1989.
 c. Mr. Awang Basri, Credit and Lending Officer, Bank Bumiputra Malaysia Berhad, Ruching Branch, interviewed on 27th. March 1989

Out of the 204 Malay entrepreneurs who completed their questionnaires, 129 had only been in business for a period of less than 10 years (63.2%) whilst for the Chinese, almost 50% of their group (81 people) have been involved in business for periods of more than 10 years. This also confirms the validity of the figures found in Table 6.4, reflecting the fact that entrepreneurship among the Malays is a new phenomenon, new, as used in this context, meaning that most of the Malays started to get involved in entrepreneurship after the inception of the New Economic Policy.

Only eight of the 204 Malays who responded have been in business for 21 years or more whilst for the Chinese, there were 28.

6.8.4 Analysis on the Academic Achievement of Respondents

For this variable, four categories of academic achievement have been included and they are;

<u>Value</u>	<u>Academic Level Achieved</u>
1.	Primary only
2.	Up to Secondary Only
3.	Up to College or University
4.	Professional

The breakdown of the results is shown in Table 6.7 below.

TABLE 6.7: ANALYSIS SHOWING ACADEMIC ACHIEVEMENT OF RESPONDENTS

<u>Value</u>	<u>Level</u>	<u>Malays</u> (n=204)	<u>%</u>	<u>Chinese</u> (n=163)	<u>%</u>
1	Primary only	42	20.6	23	14.1
2	Up to Secondary	106	52.0	75	46.0
3	Up to College or University	27	13.2	50	30.7
4	Professional	11	5.4	15	9.2
0	Missing Cases	18	8.8	-	-

The Sarawak education policy follows that for the whole of Malaysia and there is compulsory education for all children for a total of 11 years, from age seven. From the table above, it can be seen that there is some degree of similarity between the proportion of education breakdown for the two groups, except two things:

- i. that 18 Malays (8.8%) did not answer this question whilst all the Chinese did, and,
- ii. that the frequencies show that there are significantly more Chinese who had attended either College or University (50 respondents or 30.7%) as compared to the Malays (27 or 13.2%).

Most of the Malay and Chinese entrepreneurs however, at least attended secondary education (106 Malays or 52.0% as compared to 75 Chinese or 46.0%).

6.8.5 Analysis on the Amount of Initial Capital Used During Start-up

The next variable is the amount of capital initially used by the respondents for their business start-up. Bearing in mind that this research attempts to study the small scale Malay and Chinese entrepreneurs within the definition set out in Chapter Two, five categories of amounts were provided and the respondents were required to circle the value in which their start-up capital was categorised. The possible answers provided for the respondents were as follows:

<u>Value</u>	<u>Amount</u>
1 =	Up to M\$25,000
2 =	M\$25,001 to M\$50,000
3 =	M\$50,001 to M\$75,000
4 =	M\$75,001 to M\$100,000
5 =	M\$100,001 and above

The result of the statistical computation on the returned questionnaires for this variable is shown in Table 6.8 below.

TABLE 6.8: ANALYSIS SHOWING COMPARISON BETWEEN AMOUNT OF START-UP CAPITAL

	<u>Malay</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
Up to M\$25,000	128	62.7	59	36.2
M\$25,001 to M\$50,000	56	27.5	59	36.2
M\$50,001 to M\$75,000	13	6.4	18	11.0
M\$75,001 to M\$100,000	5	2.5	19	11.7
M\$100,001 to above	2	1.0	8	4.9

The results above shows that 128 Malay respondents (62.7%) used initial capital of M\$25,000 or less compared to 59 Chinese (36.2%). For the next category, that is for amounts between M\$25,001 and M\$50,000, there were 56 Malays (27.5%) compared to also 59 Chinese (36.2%). For values between M\$50,001 and M\$75,000, there were 13 Malay respondents (6.4%) compared to 18 Chinese (11.0%) but for the last category, that is for values of M\$75,001 to M\$100,000, there were almost more than 3 times more Chinese respondents than Malays (19 Chinese or 11.7% compared to 5 Malays or 2.5%). For the highest category, there were 2 Malays (1.0%) compared to 8 Chinese (4.9%).

The study by Mahmud¹³ also showed that about 60 percent of the Malay entrepreneurs in his study utilized startup capital of M\$25,000 and below, and likewise, there were more Chinese utilizing startup capital of M\$25,000 and more.

¹³Mahmud, Abdul Aziz; *op.cit.*, p.63.

6.8.6 Analysis on the Percentage of Own Money in Initial Start-up Capital

As a follow up to the question on the amount of initial capital used during start-up, the respondents were also asked what percentage of the initial capital was their own money. The results of the analysis is as shown in Table 6.9 below.

TABLE 6.9: ANALYSIS SHOWING PERCENTAGE OF OWN MONEY IN INITIAL START-UP CAPITAL

	<u>Malay</u> (n=204)	<u>%</u>	<u>Chinese</u> (n=163)	<u>%</u>
None	6	2.9	-	-
Up to 25%	41	20.1	39	23.9
Up to 50%	56	27.5	56	34.4
Up to 75%	36	17.6	33	20.2
Whole Amount	65	31.9	32	19.6
Missing cases	-	-	3	1.8

Six Malays (2.9%) started their businesses with none of their own money in the initial capital, compared to no Chinese falling into that category. There were 41 Malays (20.1%) compared to 39 Chinese (23.9%) who used up to 25% of their own money. A further 56 Malays (27.5%) and also 56 Chinese (34.4%) used up to 50% of their own money. Higher up the scale, 36 Malays (17.6%) and 33 Chinese (20.2%) used up to 75% of their own money, and where respondents used all their own money for the initial capital, there were 65 Malays (31.9%) compared to 32 Chinese (19.6%). All the Malays answered this question while there were 3 missing cases for the Chinese.

The only logical explanation as to why there were many more Malays than Chinese who used their own money wholly to start their

businesses was because of the small amounts that the Malays used in the initial capital layout. Nagata's¹⁴ study found that 90 percent of the Malay entrepreneurs in Peninsular Malaysia either took out small loans of up to M\$5,000 or resorted to their life-time savings for starting their businesses. A further breakdown of the frequency of the initial capital layout explains this point and this breakdown is shown below.

<u>Value of Capital (M\$)</u>	<u>Malays</u>	<u>Chinese</u>
1,000	8	9
3,000	4	-
3,500	4	-
4,000	2	-
5,000	14	1
6,000	6	-
7,000	2	-
8,000	14	5
10,000	10	5
	-----	-----
TOTAL	64	20
	-----	-----

The above breakdown shows that even for capital inputs of up to M\$10,000, there were already 64 Malays compared to only 20 Chinese. This explains why many more Malays did not borrow for the initial capital compared to the Chinese. Table 6.9 shows that more Malays used their own personal monies for the whole of their startup capital.

6.8.7 Analysis of The Number of Hours Spent Daily on the Business (average working day)

Variable 58 in the questionnaire form asks the question of how many hours the entrepreneurs spend on their businesses in an average day. They were asked to fill the actual number of hours they

¹⁴Nagata, op.cit., 1972, p.1141.

did spend on their businesses in the questionnaire but in order to make the analysis of the computation by the SPSSX easy to analyse, the final answers were recoded in the following manner.

<u>Value</u>	<u>No. of Hours</u>
1	Low through 8 hours
2	9 through 15 hours
3	16 through high

The breakdown of answers provided by the two groups are presented in Table 6.10 below.

TABLE 6.10: ANALYSIS SHOWING COMPARISON BETWEEN NUMBER OF HOURS THE RESPONDENTS SPEND ON THEIR BUSINESSES PER WORKING DAY

	<u>Malay</u> (n=204)	<u>%</u>	<u>Chinese</u> (n=163)	<u>%</u>
Low through 8 hours	34	16.7	3	1.8
9 through 15 hours	166	81.4	153	93.9
16 through High	4	2.0	7	4.3

The number of Malay entrepreneurs who spend 8 hours or less on their business in an average working day is 34 (16.7%) compared to only 3 Chinese (1.8%). This figure is rather high comparatively between the two races. There were 166 Malays (81.4%) who answered "9 through 15 hours" compared to 153 Chinese (93.9%). For the third category, that is "16 through High", there were 7 Chinese answers (4.3%) compared to 4 for the Malays (2.0%).

6.8.8 Analysis on Who Was Most Influential In The Decision To Go Into Business

For this variable, the study attempts to analyse the question of who influenced the respondent most in arriving at the

decision to venture into business. Four likely answers were provided and they are (1) Immediate family, (2) Other Relatives (3) Friend, and (4) No One. The breakdown provided by the returned questionnaires are shown in Table 6.11 below.

TABLE 6.11: ANALYSIS SHOWING WHO INFLUENCED THE RESPONDENTS MOST

	Malay ----- (n=204)	% ---	Chinese ----- (n=163)	% ---
Immediate Family	69	33.8	82	50.3
Other Relative	55	27.0	56	34.4
Friend	48	23.5	-	-
No One	32	15.7	25	15.5

From the frequency distribution provided by the table above, it can be seen that 69 Malays (33.8%) and 82 Chinese (50.3%) said that they were influenced by an immediate family member. There were 55 Malays (27.0%) and 56 Chinese (34.4%) who said they were influenced by other relatives. None from the Chinese group said they were influenced by friends while there were 48 Malays (23.5%) who said they were. In the last category, 32 Malays (15.7%) said they were not influenced by anyone, compared to none for the Chinese group.

6.8.9 Influence of Government Incentives on the Conduct of Business

There are many incentives offered by the government for small businesses in Sarawak, such as provision of "special loan schemes", tax incentives, free consultancy and advice through the

semi-government agencies like SEDC¹⁵ and STIDC¹⁶ and others.

For this variable, a five point rating scale from 1 (most important) to 5 (not important at all) was used. On the scale, the value 3 was used to denote a neutral stand. The results provided by the returned questionnaires is as shown in Table 6.12 below.

TABLE 6.12: ANALYSIS ON INFLUENCE BY GOVERNMENT INCENTIVES ON DECISION TO GO INTO BUSINESS

	<u>Malay</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
Most Important	128	62.7	1	0.6
Important	54	26.5	-	-
Neutral	-	-	-	-
Not Important	16	7.8	25	15.3
Not Important At All	6	2.9	137	84.0

From the table above, it can be seen that 128 Malays (62.7%) regarded government incentives as "Most important" in determining their decisions to go into business, whereas only 1 Chinese respondent (0.6%) chose the same answer. 54 Malays (26.5%) chose "Important" compared to none from the Chinese group. No answer was recorded from both groups for "Neutral". 16 Malays (7.8%) and 25 Chinese (15.3%) chose "Not Important". At the bottom end of the scale, 137 Chinese (84%) considered government incentives as "Not important at all" compared to only 6 Malay respondents (2.9%).

¹⁵The Sarawak Economic Development Corporation.

¹⁶The Sarawak Timber Industries Development Corporation.

6.9 OBJECTIVE 2: THE COMPARISON OF THE FAMILY BACKGROUNDS OF
THE MALAY AND CHINESE ENTREPRENEURS

The following variables have been given preference in the study on the background of the Malay and Chinese Entrepreneurs.

- a. The status of the family of the respondent when he was young (measured in terms of income level of the father or guardian).
- b. The principal job of the father or guardian of the respondent.
- c. The size of the respondent's family.

6.9.1 Analysis on Family Status of Respondents
When They Were Young

The social status of families in Sarawak in general can be grouped under four different categories. These were explained in detail to all respondents, including the 33 respondents in the towns of Kapit and Limbang/Lawas where the questionnaires were distributed by the town councillors.

i. The High Income Group

The high income group in this case means that the breadwinner who supported the respondent (and the rest of his family) had an income equivalent to Division A scale following the government salary scale. Under this scale, a person with a Division A salary would have a minimum take-home pay of M\$1,100. This means that even if the breadwinner was not employed by the government, his income (be it as a trader or working in the private sector) would have been equivalent to the Government scale or thereabouts. Even though this only amounts to around £350, it is still considerably significant in Sarawak because

of the low prices of food and other daily necessities in general. Furthermore, someone with a M\$1,000 take home pay in Sarawak in the 1960s would survive similar to someone who was earning £1,000 in the UK. The respondent's family would almost certainly possess a car and own their own detached house.

ii. Upper Level Middle Income

Under this category, the breadwinner in the respondent's family would have had a take-home salary equivalent to a Division B scale following the government salary scale, meaning that his pay would have been between M\$650 to \$1,100 or more, depending on the length of years he had been working. The type of job falling under this category includes Senior Clerks and Assistant Administrative Officers.

iii. Lower Level Middle Income

Comparing with the government salary scale, this category would fit the Division C scale of pay. The types of jobs falling under the lower middle income category includes such jobs as clerks, typists, rank and file officers (for example immigration and custom officers). The range of take-home income expected in this category is between M\$350 to M\$650 but the pay could reach as high as M\$1,000, depending on the seniority.

iv. Low Income Group

The low income group in Sarawak comprise farmers, fishermen, labourers and those with lowly paid jobs such as bus conductors and shop assistants. The salaries for this group would range from M\$150 to

M\$300. Even a pay of M\$300 per month would have been high considering the jobs held.

Table 6.13 below shows the results of the survey on respondent family status when young.

TABLE 6.13: ANALYSIS SHOWING STATUS OF RESPONDENT'S FAMILY WHEN THEY WERE YOUNG

	<u>Malays</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
High Income	28	13.7	57	35.0
Upper Middle Income	58	28.4	82	50.3
Lower Middle Income	67	32.8	16	9.8
Low Income	44	21.6	8	4.9
Missing Cases	7	3.4	-	-

From the above table, it can be seen that more than half of the Malay respondents came from families who were either from the lower middle income or low income groups, whereas for the Chinese more than half of the respondents who participated came from the high and higher middle income groups.

There were 28 Malays (13.7%) and 57 Chinese (35.0%) from "High Income" category families. 58 Malays (28.4%) and 82 Chinese (50.3%) came from the "Upper Middle Income" category. For the "Lower Middle Income" category, there were 67 Malays (32.8%) compared to 16 Chinese (9.8%) and for the lowest category, that is, the "Low Income" category, there were 44 Malays (21.6%) compared to 8 Chinese (4.9%). Seven Malays (3.4%) did not answer this question.

The breakdown shows that the majority of the Chinese entrepreneurs were found in the upper middle income and high income groups and the majority of the Malay entrepreneurs were found in the upper middle income and lower middle income groups.

6.9.2 Analysis on the Principal Job of Respondent's Father/Guardian

There were seven categories in this variable as listed in Table 6.14 below. As the table shows, none of the fathers in the Malay Group were engaged as professionals. The word "father" here is also meant to denote guardian, or generally, the breadwinner in the entrepreneur's family. One category which does not show any Malay presence is "Other". A note added to the questionnaire explained this was to include any profession that was not shown in the others and might include such professions as politician, free lance reporting, camera man and the like. An ordinary teacher would have been included under category 3 (salesmen or clerks) because of the salary scale and higher levels in the teaching profession, such as a headmaster, were included in category 4 (government officer).

TABLE 6.14: ANALYSIS SHOWING PRINCIPAL JOB OF RESPONDENT'S FATHER (OR GUARDIAN)

<u>VALUE</u>	<u>RACE</u>	<u>MALAYS (%)</u>	<u>CHINESE (%)</u>
1	Labourer	35 (17.2)	11 (6.7)
2	Farmer/Fishermen	27 (13.2)	10 (6.1)
3	Clerk/Salesmen	31 (15.2)	33 (20.2)
4	Government Officer	90 (44.1)	55 (33.77)
5	Small Business Owner	21 (10.3)	43 (26.4)
6	Professional	-	8 (4.9)
7	Other	-	3 (1.8)

As can be seen from the table above the biggest difference between the two races is in category 5 (Small Business Owner), where 21 of the Malay respondents (10.3%) whose fathers were entrepreneurs themselves whilst there were 43 Chinese (26.4%) falling under the same

category. For the other categories, the distribution was not too obvious except that there were more Malays in the two lowest paying categories, viz., labourers (35 Malays or 17.2% as compared to 11 Chinese or 6.7%) and farmer/fishermen (27 Malays or 13.2 as compared to 10 Chinese or 6.1%).

6.9.3 Analysis on the Size of the Respondent's Family

This variable looked into how many children were there in the respondent's family. Eight possible answers were provided viz:

<u>Value</u>	<u>No. of Children</u>	<u>Value</u>	<u>No. of Children</u>
1	One	2	Two
3	Three	4	Four
5	Five	6	Six
7	Seven	8	Eight or more

This question was included to compare the differences between the sizes of the families of the Malay and Chinese entrepreneurs. The breakdown and results of the statistical analysis is as shown below.

TABLE 6.15: ANALYSIS SHOWING FAMILY SIZE OF THE RESPONDENTS
(NUMBER OF BROTHERS AND SISTERS)

<u>Family Size</u>	<u>Malays</u>	<u>(%)</u>	<u>Chinese</u>	<u>(%)</u>
One	4	2.0	9	5.5
Two	10	4.9	8	4.9
Three	9	4.4	15	9.2
Four	22	10.8	48	29.4
Five	27	13.2	57	35.0
Six	81	39.7	26	16.0
Seven	20	9.8	-	-
Eight or more	31	15.2	-	-

Around 25% of the Malay respondents have seven or more children in their families whilst none of the Chinese surveyed had more than 6 children. For the Malays, the biggest single group was in the "Six" category (81 respondents or 39.7%) whilst for the Chinese, the largest group was for 5 children (57 respondents or 35%).

6.9.4 Analysis on the Effect of the Presence of Other Family Member in Business

Chinese familial and clannish approaches to entrepreneurship is universally known as their strength, especially in the face of competition. In the case of Sarawak, this is necessary not only in facing the competition from the Malays, but also from among the Chinese themselves, especially those who don't belong to the same family or clan. If they don't group around the same family, they would almost certainly be under the same clan or faction if the extended family circle does not exist¹⁷. In the case of Sarawak, the Chinese population is divided into various factions and dialects. Even though they appear united and cooperative in the eyes of the public, it is obvious from the conflicts that occasionally arise between the sects and factions (and which are sometimes blown into the open) that they are not as united as they seem to be¹⁸. Since Malay presence in entrepreneurship is a relatively new phenomenon, this question was included to compare the two races as to whether their business involvement are influenced in one way or another by the presence of another family member in business. The breakdown and frequency

¹⁷Wong, B.P.: Chinatown: Economic Adaptation and Ethnic Identity of the Chinese, Holt, Reinhart and Wilson, New York, 1982, Chapters 2 and 3.

¹⁸See The Borneo Post; Chinese Weaknesses, December 6, 1988.

distribution of the analysis on this variable is as shown in Table 6.16 below.

TABLE 6.16: ANALYSIS SHOWING THE EFFECT OF THE PRESENCE OF OTHER FAMILY MEMBERS IN BUSINESS

	<u>Malays</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
None	116	56.9	57	35.0
Yes, Immediate family	27	13.2	57	35.0
Yes Other Relative	61	29.9	49	30.0

Table 6.16 above shows that 116 Malays (56.9%) have no other family member or other relatives in business compared to only 57 Chinese (35.0%). 27 Malays (13.2%) and 57 Chinese (35%) do have immediate family member(s) in business whilst 61 Malays (29.9%) and 49 Chinese (30.0%) have other relatives in business.

6.10 OBJECTIVE 3: COMPARATIVE ANALYSES OF OTHER VARIABLES

- a. The influence of religion on the conduct of everyday business and the profit margins they make out of the business
- b. How the respondents rate the importance of borrowing from:
 - i. Family members
 - ii. Friends
 - iii. Commercial Banks
 - iv. Other Banks and Financial Institutions
- c. The most pressing problems faced by the respondents
 - i. on start-up,
 - ii. during the first two years of the business.
 - iii. at present.

6.10.1 Analysis of the Influence of Respondents' Religion on the Conduct of Business

The respondents were then asked how they rate the influence of their religion on the way they conduct their businesses day to day. Again, a rating scale from 1 (Influence a Lot) to 5 (No Influence at all) was used, with the value 3 means the respondent is not sure. It was mentioned in Chapter Two that the Malays are Muslims and the Chinese are mostly Buddhists. The result is shown in Table 6.17 below. Before the result is explained, it is noteworthy to mention that the results of Nagata's study discovered that religion does not influence the conduct of day-to-day business¹⁹.

TABLE 6.17: ANALYSIS SHOWING INFLUENCE OF RELIGION ON THE CONDUCT OF BUSINESS

	<u>Malay</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
Influence a Lot	90	44.1	-	-
Some influence	57	27.9	16	9.8
Not Sure	30	14.7	9	5.5
No influence	11	5.4	66	40.5
No influence at all	6	2.9	72	44.2
Missing Cases	10	4.9	-	-

The frequency distribution of answers for both groups of respondents reveals a striking contrast between the answers provided by both Malay and Chinese respondents. 90 Malays (44.1%) said "Influence a lot" compared to none from the Chinese group. In contrast, 72 Chinese (44.2%) chose "No Influence At All" compared to only 6 Malays (2.9%). There were 66 Chinese (40.5%) who chose the

¹⁹Nagata, Dr. Judith, A; op.cit.

answer "No Influence" compared to 11 Malays (5.4%). All the Chinese respondents answered this question whilst there 10 missing cases for the Malays.

The above breakdown shows that many more Malays strongly regard their religion as a strong factor in determining how they conduct their businesses whilst it is almost the opposite for the Chinese.

6.10.2 Analysis of Borrowing for Additional Capital

The respondents were next asked about how they would rate the importance of four different sources of borrowing for additional capital for their businesses. These sources, assessed independently, are:

- a. Borrowing from Family,
- b. Borrowing from Friends,
- c. Borrowing from Commercial Banks, and
- d. Borrowing from Other Banks and Financial Institutions.

A rating scale of 5 was used for the answers where the value 1 was used to denote "Very Important" and the value 5 meaning "Not Important At All". The value 3 in the middle of the scale was used to denote the respondent was "Unsure". The results of the survey is as shown below.

6.10.2.1 Borrowing from Family Members

The respondents were asked how important their family members are to them as additional source of capital for their businesses. This question has been raised because it is accepted as a

way of life for both the Malay and Chinese people in Sarawak that the family unit is regarded as the nerve-centre for many activities and this research here attempts to find out if the entrepreneurs also regard their family members as important for additional sources of capital.

Studies conducted on communities which have close-knit family and clan ties, such as by Ward and Jenkins²⁰, has shown that the family unit is very important as a source of additional capital. Nagata's study²¹ also revealed that the Peninsular Malaysia Malays regard family members as an important source of additional capital.

The result of the statistical computation for this study is as shown in Table 6.18 below.

TABLE 6.18: ANALYSIS SHOWING IMPORTANCE PLACED ON BORROWING FROM FAMILY MEMBERS

	<u>Malay</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
Very Important	116	56.9	109	66.9
Important	49	24.0	20	12.3
Not sure	23	11.3	17	10.4
Not Important	3	1.5	-	-
Not Important At All	12	5.9	15	9.2
Missing Cases	1	0.5	2	1.2

From the table above, it can be seen that the Malay and Chinese respondents were relatively similar in their outlook towards borrowing from the family. There were 116 Malays (56.9%) who said the family was "Most Important" for additional sources of capital compared

²⁰Ward, Robin, & Jenkins, Richard: *op.cit.*, 1980.

²¹Nagata: *op.cit.*, p.1141.

to 109 Chinese who chose the same answer (66.9%). There were twice as many Malays (49 respondents or 24.0%) who chose "Important" as their answer compared to 20 Chinese (12.3%). 23 Malays (11.3%) were "Not Sure" compared to 17 Chinese (10.4%). There were no Chinese who answered "Not Important" compared to 3 Malays (1.5%) and 12 Malays (5.9%) who said "Not Important At All" compared to 15 Chinese (9.2%). The Malay group had 1 missing case compared to 2 for the Chinese.

6.10.2.2 Borrowing from Friends

Apart from borrowing from family members, the respondents were also asked how important they would regard friends as a source of additional capital for their businesses. Table 6.19 below shows the results of the survey.

TABLE 6.19: ANALYSIS SHOWING IMPORTANCE PLACED ON BORROWING FROM FRIENDS FOR ADDITIONAL BUSINESS CAPITAL

	<u>Malay</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
Very Important	36	17.6	43	26.4
Important	34	16.7	58	35.6
Not Sure	59	28.94	10	6.1
Not Important	26	12.7	1	0.6
Not Important At All	48	23.5	49	30.1
Missing Cases	1	0.6	2	1.3

Based on the above, it can be seen that the Chinese were more receptive to borrowing from friends and 43 Chinese respondents (26.4%) chose the answer "Very Important" compared to 36 Malays (17.6%). The number of Chinese who answered "Important" was also relatively high, that is 58 respondents (35.6%) compared to only 34

Malays (16.7%). For the next answer, that is "Not Sure", 59 Malays (28.6%) chose this answer compared to 10 Chinese (6.1%). 48 Malays (23.5%) answered "Not Important" compared to 49 Chinese (30.1%). There were three missing cases; 1 from the Malay group and 2 from the Chinese group.

6.10.2.3 Borrowing From Commercial Banks

This question is intended to ask the entrepreneurs how they rate the importance of borrowing from commercial banks for additional capital, regardless of whether they had borrowed from these banks for the initial capital or not.

Mahmud's study revealed that borrowing from Commercial Banks is popular with the Malays (43.8%) but not with the Chinese, where only 12.7% of his respondents indicated the importance of Commercial Banks as additional sources of capital. The result of the statistical computation is as shown in Table 6.20 below.

TABLE 6.20: ANALYSIS SHOWING IMPORTANCE PLACED ON COMMERCIAL BANKS AS ADDITIONAL SOURCE OF CAPITAL

	<u>Malay</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
Most Important	150	73.5	144	88.3
Important	32	15.7	18	11.0
Not Sure	7	3.4	-	-
Not Important	9	4.4	-	-
Not Important At All	-	-	-	-
Missing Cases	6	2.9	1	0.6

Both groups of respondents were relatively similar on their answers to this question. 150 Malays (73.5%) chose "Most Important"

compared to 144 Chinese (88.3%). There were 18 Chinese (11.0%) who chose "Important" compared to 32 Malays (15.7%). 7 Malays (3.4%) answered "Not Sure", and 9 chose "Not Important" compared to none from the Chinese group for both answers. None of the respondents from both groups answered "Not Important At All". There were however, 6 missing cases from the Malays (2.9%) and 1 from the Chinese (0.6%). Contrary to Mahmud's results, this survey showed that commercial banks are very important to both groups.

6.10.2.4 Borrowing From Other Financial Institutions

Beside commercial banks, there are other banks and financial institutions in Sarawak who also provide loans and overdrafts to businesses for various purposes, such as the purchase of machineries, additional working capital, expansion of premises or simply as Bank guarantees for the purchase of stock.

TABLE 6.21: ANALYSIS SHOWING IMPORTANCE PLACED ON BORROWING FROM OTHER SOURCES (EG. MARA AND OTHER FINANCIAL INSTITUTIONS)

	<u>Malay</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
Most Important	92	45.1	42	25.8
Important	60	29.4	50	30.7
Not sure	24	11.8	14	8.6
Not Important	7	3.4	22	13.5
Not Important At All	15	7.4	32	19.6
Missing Cases	6	2.9	3	1.8

From the figures in the table above, it can be seen that 92 Malays (45.1%) chose "Most Important" compared to 42 Chinese (25.8%). 60 Malays (29.1%) chose "Important" compared to 50 Chinese (30.7%) and

there were 24 Malays (11.8%) who chose "Not Sure" as their answers compared to 14 Chinese (8.6%). 22 Chinese (13.5%) answered "Not Important" compared to 7 Malays (3.4%) while 32 Chinese (19.6%) answered "Not Important At All" compared to 15 Malays (7.4%). The Malay group had 6 missing cases whereas there were 3 for the Chinese group.

6.10.3 Analysis on The Most Pressing Problem Faced by the Respondents

All respondents were asked what they considered as the most pressing problem was:

- a. Upon start-up of business
- b. During the first two years of running their businesses
- c. At the time they filled the questionnaire.

Six possible answers were suggested for the respondents to choose and these answers were drawn from the analysis of the responses during the the conduct of the pilot study in 1987. The answers suggested are:

1. Lack of capital
2. Lack of self confidence
3. Lack of customer confidence
4. Low business volume
5. Stiff competition
6. Others

For item (6), the respondents were provided with some examples of what types of problems that would fall in that category. These included debt collection problems, personnel or labour turnover, sabotage (both from inside as well as outside the business) or even the odd business related dispute or two (such as on delivery or completion times. etc.)

The results of the SPSSX computation on the above are presented below.

6.10.3.1 Analysis on the Most Pressing Problem During Start-up

Table 6.22 shows the breakdown of computer analysis on the most pressing problems faced by both groups of entrepreneurs upon start-up of their businesses.

TABLE 6.22: ANALYSIS SHOWING THE MOST PRESSING PROBLEMS FACED BY THE RESPONDENTS DURING START-UP

	<u>Malay</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
Lack of Capital	35	17.2	26	16.0
Lack of Self Confidence	29	14.2	8	4.9
Lack of Customer Confidence	48	23.5	16	9.8
Low Business Volume	36	17.6	50	30.7
Stiff Competition	31	15.2	48	29.4
Others	25	12.3	15	9.2

Altogether, 35 Malay entrepreneurs (17.2%) chose "Lack of Capital" compared to 26 Chinese (16.0%). There were 29 Malays (14.2%) who chose "Lack of Self Confidence" as against 8 Chinese (4.9%). 48 Malays (23.5%) chose "Lack of Customer Confidence" compared to 16 Chinese (9.8%). For the answer "Low Business Volume", there were 36 Malays (17.6%) compared to 50 Chinese (30.7%). As for "Stiff Competition", there were 31 Malays (31.2%) and 48 Chinese (29.4%). For "Others", there were 25 Malays (12.3%) compared to 15 (9.2%).

The results of this research shows that the entrepreneurs in Sarawak and Peninsular Malaysia differ considerably in the problems

they face. Mahmud's research revealed that the most pressing problem is "Lack of Capital" whereas for this research, the most pressing problem for the Malays is "Lack of Customer Confidence" while for the Chinese, the two most pressing problems are "Low Business Volume" and "Stiff Competition".

6.10.3.2 Analysis of the Most Pressing Problem During The First Two Years

As a follow-up to the above question, the respondents were next asked what they considered as the most pressing problem during the first years of their businesses. The breakdown of the answers is as shown in Table 6.23 below.

TABLE 6.23: ANALYSIS SHOWING THE COMPARISON BETWEEN THE TWO GROUPS ON THE MOST PRESSING PROBLEM DURING THE FIRST TWO YEARS

	<u>Malays</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
Lack of Capital	13	6.4	-	-
Lack of Self Confidence	6	2.9	8	4.9
Lack of Customer Confidence	52	25.5	9	5.5
Low Business Volume	53	26.0	55	33.7
Stiff Competition	49	24.0	40	24.5
Others	31	15.2	51	31.3

It can be seen here that there are significant differences between the two groups in the most pressing problems that they faced during the first two years of their businesses. Most of the Chinese respondents answered with the last three answers "Low Business Volume" (55 or 33.7%): "Stiff Competition" (40 or 24.5%) and

"Others" (51 or 31.3%)]. Comparatively, for the Malays, 52 answered "Lack of Customer Confidence" (25.5%); 53 answered "Low Business Volume" (26.0%) and 49 answered "Stiff Competition" (24.0%).

6.10.3.3 Analysis on the Most Pressing Problem At Time of Survey

The last variable compared is the problem that the respondents considered as most pressing at the time this survey was undertaken.

The analysis of the final comparison is as shown in Table 6.24 below.

TABLE 6.24: ANALYSIS SHOWING THE MOST PRESSING PROBLEM AT TIME OF THIS SURVEY

	<u>Malays</u>	<u>%</u>	<u>Chinese</u>	<u>%</u>
Lack of Capital	11	5.4	-	-
Lack of Self Confidence	-	-	-	-
Lack of Customer Confidence	17	8.3	-	-
Low Business Volume	30	14.7	16	9.8
Stiff Competition	47	23.0	35	21.5
Others	99	48.5	112	68.7

For this variable, none of the Chinese chose the first three answers, which are "Lack of Capital", "Lack of Self Confidence" and "Lack of Customer Confidence". 112 Chinese answered "Others" (68.6%), 35 said "Stiff Competition" (21.5%) and 16 chose the answer "Low Business Volume" (9.8%) compared to the Malays where 99 (48.5%) chose "Others", 47 chose the answer "Stiff Competition" (23.0%) and 30 chose the answer "Low Business Volume" (14.7%). There were 11 Malays (5.4%)

who chose the answer "Lack of Capital" and 17 entrepreneurs (8.3%) who chose the answer "Lack of Business Confidence".

As a summary, it is obvious from the findings of the data analysis in this chapter that the Malay and Chinese entrepreneurs did not differ in the most pressing problems that they faced at the time when they started their businesses but after they had been in business for four years or more, there were stark differences between what problems both groups considered as the most pressing. Many Malays faced the problems of "Lack of Self Confidence" and "Lack of Customer Confidence" at start-up time but it is interesting to note that their most pressing problems change later on in their businesses.

It is also interesting to note that no Chinese answered "Lack of Capital" during the period of the first two years of their businesses, and moreover, none of the Chinese answered "Lack of Capital", "Lack of Self Confidence" and "Lack of Customer Confidence" at the time of survey.

CHAPTER SEVEN

DISCUSSION ON THE RESEARCH
IMPLICATIONS AND CORRELATION
ANALYSIS

CHAPTER SEVEN

DISCUSSION ON THE RESEARCH IMPLICATIONS AND CORRELATION ANALYSIS

7.1 INTRODUCTION

Knowing what distinguishes the successful entrepreneur or small businessman from those whose businesses grow bigger to corporate levels is fundamental, notably to government policy planners before they can design governmental policies and entrepreneurial programmes which encourage the development of business enterprise for certain groups of people who do not perform as well as other groups.

Before that can be achieved, however, these planners need to know as much of the characteristics and attributes of the average entrepreneur who will comprise their target group. More specifically, the policies designed by these planners must be the ones which best suit the characteristics of the target group that will be directly affected by the policies that he is drawing. Such is the case of the Malays in Sarawak, who, after almost twenty years of New Economic Policy are yet to show that they are capable of making more effective inroads into entrepreneurship. The scope of any proposed policy to help uplift and improve the standard of entrepreneurship of the Malays in the first place should be based on a thorough understanding of the characteristics of the Malays themselves. This study is aimed at highlighting the main characteristics of the Malay entrepreneur compared to the Chinese whilst at the same time preparing a basic socio-psychological index of the characteristics of the entrepreneurs themselves.

In this study, some of the cross-tabulation and correlation analyses have been spurred by studies conducted elsewhere, the most prominent one being undertaken on Chinese entrepreneurs in the Philippines by Redding¹ in 1982/83. Other studies which has been used as reference by this research for the correlation studies on the variables include Mahmud² Gomolka³, Ettinger⁴, Hamilton⁵.

Consideration has therefore been given to such items as: academic achievement, borrowing priorities, the status of the entrepreneur's family when he was young, the amount of startup capital for the business and the percentage of own money used in the startup capital, the influence of religion on business activities, marital status, or even the number of hours the entrepreneur spends on his business in an average day. Attention is also given to those known variables which distinguish the Malay and Chinese entrepreneur from the universally tried and tested characteristics of the entrepreneur in general.

Even though this research deals with a comparative analysis of the business activity of the Malay and Chinese entrepreneurs in Sarawak, the results from the conclusions will inevitably be more

¹Gordon Redding; *The Chinese in Business*, World Executive Digest, October, 1983, pp. 69 - 74.

²Mahmud, Abdul Aziz; *Op. Cit.*, 1981.

³Gomolka, Eugene; *Characteristics of Minority Entrepreneurs and Small Business Entrepreneurs*, American Journal of Small Business, Vol.2 No.1, July 1977.

⁴Jean-Claude Ettinger; *Some Belgian Evidence on Entrepreneurial Personality*, European Small Business Journal, 1/2, pp. 48 - 53.

⁵Hamilton, R.T.; *Motivations and Aspirations of Business Founders*, International Small Business Journal, 6/1, pp. 70 - 79.

useful not only to the Malays themselves, but more appropriately, to the government policy makers. Over the years the government has come up with numerous policies, some of which are discriminatory, without firstly looking into the traits of the Malay entrepreneur, thus making their policies vulnerable to implementation and operational constraints.

In recent years many entrepreneurial assistance groups, federal and state agencies, have been concerned about the failings of the Malay entrepreneurs⁶. Numerous studies have attempted to isolate factors that correlate with eventual business activity⁷. Unfortunately, the results of these studies have mostly been inconclusive because they would either have been conducted for Peninsular Malaysia only or would be concentrated to one particular race, namely the Malays themselves, without looking into the traits and characteristics of the Chinese who dominate the Malaysian economic scene.

The purpose of this research, as has been stipulated in Chapter One, is to conduct a comparative analysis on the business activity of the Malay and Chinese entrepreneurs in Sarawak. The results achieved by this correlation analysis will have significant implications for prospective Malay entrepreneurs; private and public lending institutions; federal, state and semi-government business assis-

⁶For example, Datuk Musa Hitam, the then Deputy Prime Minister criticised Malay "Ali Babas" when he opened the Kuala Lumpur Malay Traders Symposium in Kuala Lumpur, May 1985; New Straits Times, 20 May, 1985.

⁷Take Bank Pembangunan Malaysia Berhad as an example. The bank produces annual write-ups on Malay entrepreneurship and the constraints involved with their borrowing and repayment schedules. Other bodies, such as the Yunit Penyelidikan Sosio-ekonomi of the Prime Minister's Department provide bursary awards for the preparation of research which are eventually published as Occasional Papers.

tance providers (such as the SEDC); and academic institutions like Mara Institute of Technology, from where MEDEC⁸ operates.

Since the inception of the New Economic Policy in 1970, the Federal Government has been pressuring all the thirteen state governments to increase more participation of *Bumiputras* in business and entrepreneurship. The main reasons for this are that (a) the level of economic imbalance between the Malays and the Chinese was becoming too threatening to Malay sovereignty, and (b) having lost economic power, the Malay leaders were beginning to fear that they would next start to lose political power to the Chinese⁹.

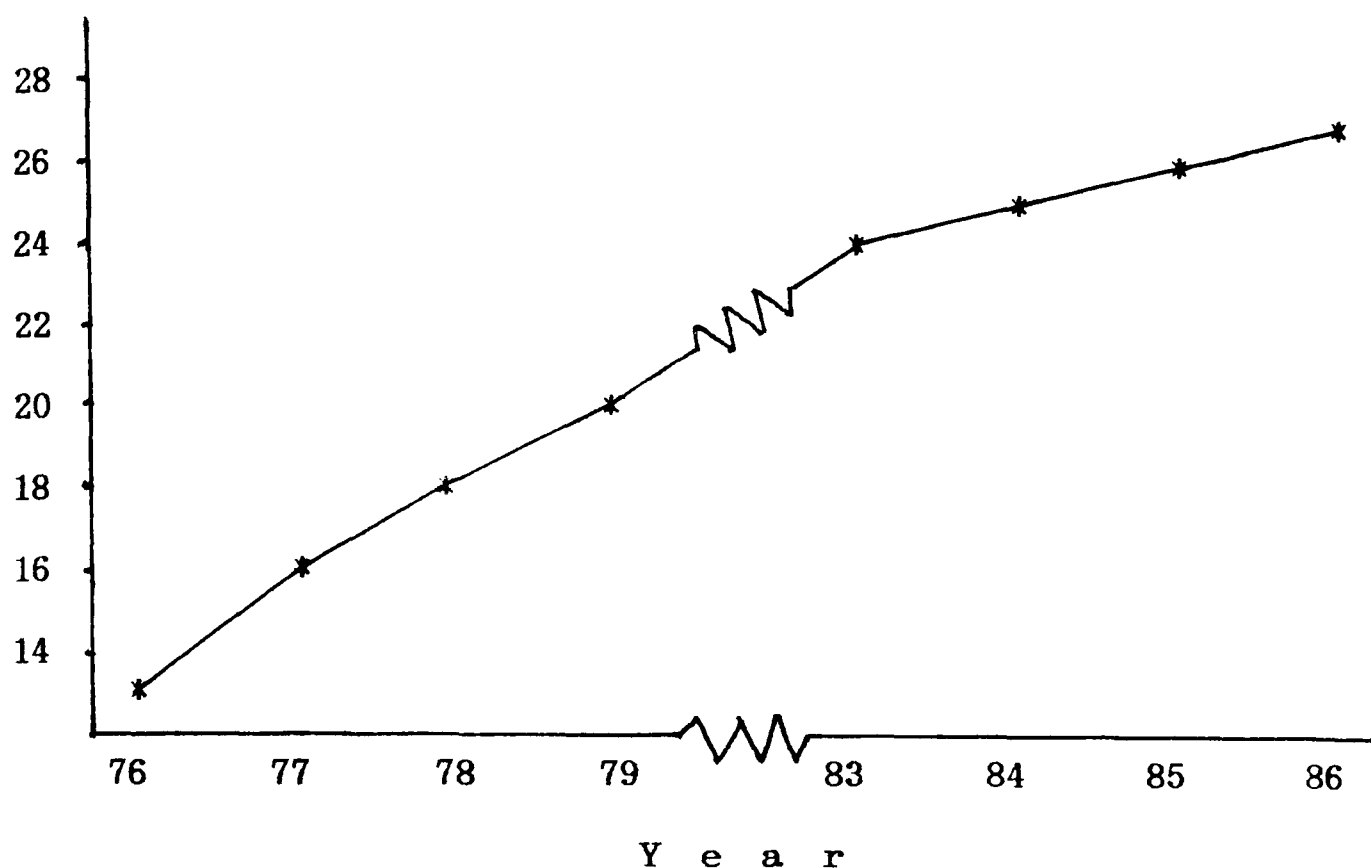
Although the implementation of the New Economic Policy took off in 1971, in the case of Sarawak, increases in Malay participation in business (as shown by records of total number of registered businesses in Figure 7.1 below) only started to show from 1976 onwards.

⁸MEDEC stands for Malaysian Entrepreneurial Development Centre.

⁹In the same manner as now Singapore has now become a predominantly Chinese island republic.

FIGURE 7.1: GROWTH OF SMALL BUSINESSES IN SARAWAK

('000s)



Source: *Annual Statistical Yearbook, Department of Statistics, Sarawak 1976 - 1986, Kuching.*

TABLE 7.1: BREAKDOWN OF REGISTERED SMALL BUSINESS OWNERS, EMPLOYMENT, SELF-EMPLOYMENT AND UNPAID FAMILY WORKERS BY RACE, SARAWAK, 1985 ('000s)

	<u>Bumiputra</u> (Total)	<u>Malays</u>	<u>Chinese</u>	<u>Others</u>	<u>Total</u>
Registered Business Owners	6.2 (17.19%)	4.9 (18.28%)	19.8 (76.56%)	0.8 (6.25%)	26.8 (100%)
Employees	151.4 (58.12%)	69.2 (26.56%)	103.5 (39.73%)	5.6 (2.15%)	260.5 (100%)
Self-employed	115.6 (79.94%)	47.2 (32.64%)	28.4 (19.64%)	0.6 (0.41%)	144.6 (100%)
Unpaid Family Workers	144 (84.90%)	43.1 (25.41%)	25.3 (14.92%)	0.3 (0.18%)	169.6 (100%)
Total	413.1	164.4	167	7.3	587.5

Source: *Time Series Measurement, Statistics Department, Kuala Lumpur, 1986.*

Although entrepreneurial awareness among the Malays gained momentum after 1976, followed by increases in Malay business registrations towards the end of the 1970s', their impact on changing the composition of business ownership and imbalance between the Chinese and Malays in the country have not been significant. The slow (but steady) growth of Malay owned businesses will never make an impact on the local business scene because their growth is offset by the growth of Chinese owned business. This has led to the government coming up with new approaches over the years, most of them designed to help the Malays (and other *Bumiputras*) keep up not only with the challenges of modern-day entrepreneurship, but also in facing the challenges from the entrenched Chinese entrepreneurs who always feel that their position is continuously being threatened by the policies which the government introduced and adopt from time to time.

As far as has been observed, for the past 15 years or so, the policies, programmes and strategies that the government has devised and implemented tended to lead to the creation of Malay entrepreneurs only in the low-growth and low-margin sectors, namely the retail, cottage industry and service sectors. This can be seen by the number of Malays who start and expand businesses primarily in these areas. Although this has not been openly advocated by the government, that is what the results of these policies seem to produce, whether the policy planners intended it to be such or otherwise.

Many economic, political and academic seminars and conventions held throughout the country over the years both by the government and private sectors have come up with varying reasons why Malay entrepreneurs are found not to be doing as well as their Chinese

counterparts. Further to that, they are also fond of venturing into the low profit and low volume sectors, commonly termed the "soft sectors", namely the retail, cottage industry and service sectors. For example, one such seminar was *Entrepreneurship in Sarawak*, held in Kuching in November 1982¹⁰. The seminar concluded with a recommendation by Johari Hassan, the then Dean of Academic Affairs at MARA Institute of Technology, that an agency similar to MEDEC be created for the training of entrepreneurs in Sarawak. Mr. Johari suggested that such a body could be called "Sarawak Entrepreneurial Development Agency" or SEDA. SEDA could act as the main centre for identifying the entrepreneurs who would qualify from such things as loans which are distributed either by government agencies or government owned banks; from programmes which may include government sponsored management and technical assistance programmes which are provided by semi-government organisations such as SEDC, MARA, FAMA amongst many (through their respective *Bumiputra* Enterprises Section); and to help assist entrepreneurs in government purchasing programmes, which includes the compulsory purchases of supplies and rations from Malay entrepreneurs. The size of loans provided, the types of management and technical assistance offered and the government purchasing programmes can be channeled through SEDA and this can also help to define the areas of business to suit the inexperienced Malays.

Nevertheless, almost twenty years of New Economic Policy, laden with ever-changing policies and programmes coupled to the

¹⁰Institut Teknologi MARA, Kuching: Seminar: Entrepreneurship in Sarawak. Proceedings of the Seminar on various aspects of entrepreneurship, organised by Institut Teknologi MARA, Kuching, 6 and 7 Nov., 1982.

special economic and trade privileges aimed at helping the Malay entrepreneurs have concluded that the Malay entrepreneurs who started businesses mostly with the help of government loans and technical and procurement assistance have not become as substantial a factor in the state's economy as was originally hoped by the planners.

The most visible disparity in fact, is not in the number of businesses owned by the Malays compared to the number of businesses owned by the Chinese. The Chinese have already been too well established in terms of numbers for any correction to be effective. The most visible disparity, however, is in the performance of the Malays as compared to the Chinese, who are already very experienced in the conduct of business because of the number of years they have been engaged in it, from the days their fore-fathers came to Sarawak, down to the present generation. As has been mentioned in a number of times in this research, Malay entrepreneurship is a relatively recent phenomenon and the survey proved that for most of the Malay entrepreneurs involved in this study, they have been involved in business and entrepreneurship only for periods less than 10 years (129 Malays or 63.2%).

7.2 SUMMARY OF CORRELATION ANALYSIS OF VARIABLES

No matter what the seminars and conventions concluded, no research has been done to support the claims of the people who presented the papers. It was the intention of this researcher to discover by conducting actual research on the two groups to see if there were other factors that made the entrepreneurs perform the way they do.

This chapter will now present the results of the computer analysis on the statistical correlation analyses to show the relationships between the characteristics of these two groups on selected variables, viz:

1. Correlation of Academic Achievement of Respondents by Family Status When Young
2. Correlation of Amount of Initial Startup Capital by Amount of Own Money Used
3. Correlation of Present Age of Entrepreneur by Number of Hours Spent on the Business in an Average Day
4. Correlation of Marital Status of Entrepreneur by Number of Hours Spent on the Business Daily
5. Correlation of Influence of Religion on the Conduct of Business by Percentage Profit Margin of the Respondent
6. Correlation of Age of Respondent When Starting Business by Importance of Government Incentives on Starting Entrepreneurship.
7. Correlation of Age of Respondents When Starting Business by Presence of Other Family Members in Entrepreneurship
8. Correlation of Amount of Initial Startup Capital by Importance of Borrowing From Family Sources For Additional Capital
9. Correlation of Amount of Initial Startup Capital by Importance of Borrowing From Commercial Banks For Additional Capital
10. Correlation of Amount of Initial Capital Startup by Chosen Sector of Respondents
11. Correlation of Where Lived When Small by Age When Starting Business
12. Correlation of Where Lived When Small by Creation of Wealth As Reason For Entrepreneurship.

7.2.1 Correlation of Academic Achievement of Respondents By Family Status

Data compiled for a study by the Parti Pesaka Bumiputra Bersatu NECC research group¹¹ has shown that the Malays, as well as the other *Bumiputras*, still lag behind in academic achievements. This can be seen from the high number of Malays and other *Bumiputras* who have no formal education, as shown in Table 7.2 below.

TABLE 7.2: ACADEMIC ACHIEVEMENT STATUS OF ADULT POPULATION - BY RACE SARAWAK, 1986 ('000) (%)

<u>Academic level</u>	<u>Bumiputra</u>	<u>Chinese</u>	<u>(Malays)</u>	<u>Others</u>	<u>Total</u>
Without formal Education	168.6 (94.1%)	10.3 (5.7%)	(69.4) (38.7%)	0.2 (0.11%)	179.1 (100%)
Primary	139.8 (67.9%)	64.8 (31.5%)	(41.8) (20.3%)	1.1 (0.53%)	205.7 (100%)
Lower Secondary	70.5 (58.8%)	48.3 (40.3%)	(36.9) (31.8%)	0.9 (0.75%)	119.7 (100%)
Upper Secondary	36.8 (46.7%)	41.1 (52.2%)	(18.1) (22.9%)	0.8 (1.02%)	78.7 (100%)
Sixth Form	3.9 (37.8%)	5.1 (49.5%)	(1.9) (18.4%)	1.3 (12.6%)	10.3 (100%)
College/ University	8.9 (42.7%)	8.9 (42.7%)	(3.7) (17.7%)	3 (14.4%)	20.8 (100%)
TOTAL	428.4	178.6	(171.8)	7.3	614.3

Source^{1 2} : *Time Series Analysis*, Department of Statistics, Kuala Lumpur, 1987.

¹¹Parti Pesaka Bumiputra Bersatu is the ruling party in the Sarawak State Government. The party set up its NECC research group in early 1989 to look into various issues including the main setbacks that have slowed down real Bumiputra economic participation as well as in the fields of education and other socio-economic matters.

¹²This data is for adult population of working age (labour force) between the ages of 18 and 55 for male population and 18 to 50 for female population.

As is shown in Table 7.2, more than 38 percent of the Malay adult population (and more than 90 percent for the *Bumiputra* total) *did not* have formal education whilst 91% of the Chinese *did* receive formal education. This perhaps contributed as one of the factors as to why more than 45.9 percent of the Malays are satisfied with being employed in the sector "agriculture, forestry, hunting and fisheries", occupations which are low paying and concentrated away from the towns, as shown in Table 7.3 below. This also accounts for the reason why up to 71% of the population who are engaged in commercial and economic activities are the Chinese.

TABLE 7.3: BREAKDOWN OF EMPLOYMENT BY RACE - SARAWAK, 1986

	<u>Bumiputra</u>	<u>Chinese</u>	<u>Malays</u>	<u>Others</u>	<u>Total</u>
Agriculture, Forestry Hunting & Fisheries	279.6 (88.4%)	36.9 (11.6%)	(145.5) (45.9%)	0 -	316.4 100%
Mining & Quarrying	1.8 (66.6%)	0.7 (25.9%)	(0.7) (25.9)	0.2 (7.3%)	2.7 100%
Manufacturing/ Processing	82.2 (76.7%)	22.9 (21.4%)	(37.2) (34.7%)	2.1 (1.9%)	107.2 100%
Utilities (Water Electricity & Gas)	2.3 (67.6%)	1.2 (32.4%)	(1.7) (0.5%)	0	3.4 100%
Construction	18.8 (52.8%)	16.8 (47.2%)	(11.4) (32.0%)	0	35.6 100%
Wholesale, Retail, Restaurant & Hotel	19.8 (26.0%)	54.2 (71.3%)	(13.1) (17.2)	2 (2.6%)	76 100%
Transport, Warehousing and Communication	8.1 (50.0%)	7.7 (47.2%)	(5.1) (31.2%)	0.5 (0.8%)	16.3 100%
Financial, Insurance and Estate Management	4.9 (38.0%)	6.9 (57.0%)	(2.9) (23.9%)	0.3 (8.0%)	12.1 100
Social and Welfare Services	65.0 (65.9%)	31.3 (31.7%)	(38.3) (38.8%)	2.2 (2.2%)	98.5 100%
TOTAL	128.4	178.6	(255.9)	7.3	614.3

Source: *Time Series Analysis*, Department of Statistics,
Kuala Lumpur, 1987.

The above table, which shows breakdown of employment and academic level by race for Sarawak for the year 1986 can be compared to Table 6.1 in Chapter Six, which shows the percentage of industrial involvement of the Sarawak population for 1987.

The breakdown of the frequencies for the entrepreneurs involved in the survey are shown in Table 7.4 below. The figures in brackets are for the Malay group.

TABLE 7.4: CORRELATION OF ACADEMIC ACHIEVEMENT
BY FAMILY STATUS

	High Income	Upper Middle Income	Lower Middle Income	Low Income
Primary Only	0 (3) 0%(1.6%)	15 (0) 9.2%(0%)	0 (28) 0% (15%)	8 (11) 5%(6%)
Up to Secondary	18 (3) 11%(1.6%)	42 (46) 26%(25%)	15 (30) 9.2%(16.4%)	0 (27) 0%(14.7%)
College or University	24 (18) 14.7%(9.8%)	25 (6) 15.3%(3.3%)	1 (3) 0.6%(1.6%)	0 (0) 0% (0%)
Professional	15 (0) 9.2%(0%)	0 (5) 0%(2.7%)	0 (6) 0% (2.7%)	0 (0) 0% (0%)

(The figures in brackets are for the Malays).

The statistical cross-tabulation for both groups came up with *Phi* values of 0.79762 for the Chinese group and 0.80118 for the Malay group. Both *Phi* values are not significant at 0.01. This shows that even though there is a relationship between the two variables for both groups, it is however not significant. It can be deduced from the *Phi* coefficient values that the academic achievement level of the entrepreneurs are not related to the well-being of their families. In other words, the higher the economic status of the families are, there is no guarantee that the higher will be the level of academic achievement of the entrepreneur.

Beside the *Phi* values, the figures from the frequency distributions show that:

- a. more than 85% of the Chinese respondents came from families from the High Income and Upper Middle Income groups compared to slightly above 42% for the Malays, and,
- b. more than 40% of the Chinese group had their education as high as "Up to College or University" and "Professional", compared to slightly above 18% of the Malays.

7.2.2 Correlation of Amount of Initial Startup Capital By Amount of Own Money Used

TABLE 7.5: CORRELATION OF INITIAL STARTUP CAPITAL BY AMOUNT OF OWN MONEY USED

	None	Up to 25%	Up to 50%	Up to 75%	Up to 100%
Up to \$25,000	0 (3) 0%(1.5%)	14 (13) 8.7%(6.4%)	15 (27) 9.4%(13%)	11 (25) 6.9%(12%)	18 (60) 11%(29.4)
\$25,001 - \$50,000	0 (3) 0%(1.5%)	12 (20) 7.5%(9.8)	15 (19) 9.4%(9.3%)	19 (11) 12%(5.4%)	12 (3) 7.5%(1.5)
\$50,001 - \$75,000	0 (0) 0%(0%)	3 (3) 1.8%(1.5%)	12 (10) 7.5%(5%)	2 (0) 1.3%(0%)	0 (0) 0% (0%)
\$75,001 - \$100,000	0 (0) 0%(0%)	4 (3) 2.5%(1.5%)	14 (0) 8.7%(0%)	1 (0) 0.6%(0%)	0 (2) 0% (1%)
\$100,001 - High	0 (0) 0%(0%)	6 (2) 3.8%(1%)	0 (0) 0%(0%)	0 (0) 0% (0%)	2 (0) 1.3%(0%)

(The figures in brackets are for the Malays).

The statistical cross-tabulation of the above data produced a *Phi* value of 0.55065 for the Chinese group and 0.59312 for the Malay group. Both *Phi* values are also not significant at the 0.01 level of significance and this shows that there is no strong correlations for both groups between their initial startup capital and the amount of their own money used in the startup capital.

From the breakdown of the frequency distribution, it can also be seen that the majority of the Malays only started their businesses with capital sums below \$25,000 (62.7%), compared to only 36.2 percent for the Chinese. This thus justifies the widely assumed beliefs that the Malays only concentrate on the low margin - low volume point businesses such as retailing, cottage production and services.

7.2.3. Correlation of Present Age of Entrepreneur By Number of Hours Spent on the Business Daily

The study then continues to measure the relationship between the present age of the respondents and the number of hours they spend on their businesses daily. Redding¹³ noted from his study on 282 Chinese entrepreneurs in the Philippines that slightly over 90 percent of the Chinese entrepreneurs aged above the age of thirty spend, on average, 14 hours per day on their businesses. This must not be taken, however, to mean that longer hours spent on the business will ensure that the business will not fail.

Nevertheless, it was found that there was a strong relationship between spending more hours on a business and the rate of success of a business and that over 90 percent of the Chinese/Filipino entrepreneurs aged above 30 spent at least 14 hours on conducting business activity in a day.

In the present study, correlation analysis is done for both groups of entrepreneurs on their ages at the time of the survey against the number of hours they spend on the business in an average

¹³Gordon Redding; *op.cit.* 1983.

working day. The comparative figures for the two groups are as shown in Table 7.6 below.

TABLE 7.6: CORRELATION OF PRESENT AGE OF ENTREPRENEUR
BY NUMBER OF HOURS SPENT DAILY ON BUSINESS

	<u>21 - 29</u>	<u>30 - 39</u>	<u>40 - 49</u>	<u>50 - high</u>
Low - 8	1 (26) 0.6%(12.7%)	9 (3) 5.5%(1.5%)	0 (0) 0% (0%)	0 (0) 0% (0%)
9 - 15	50 (96) 30.6%(47%)	68 (66) 41.7%(32%)	28 (8) 17%(4%)	2 (2) 1.2%(1%)
16 - High	0 (1) 0%(0.5%)	4 (2) 2.5%(1%)	1 (0) 0.6(0%)	0 (0) 0% (0%)

(The figures in brackets are for the Malays).

The SPSSX statistics for the cross-tabulation on the above data gave out values of -0.21374 for the Chinese group and -0.02687 for the Malay group. Both correlation values are negative and this means that the two variables for the two groups are negatively correlated.

For the Chinese, the value shows that there is no significant relationship at all but the figure for the Malays shows that it is outside the 0.01 level of significance but could be accepted as showing a strong significance based on the 0.05 level of significance. Thus, despite being negatively correlated, the relationship for the Malays between the age of the entrepreneur is quite strongly correlated to the number of hours spent on the business each day.

7.2.4. Correlation of Marital Status of Entrepreneur
By Number of Hours Spent on the Business Every Day

TABLE 7.7: CORRELATION OF MARITAL STATUS BY NUMBER OF HOURS
SPENT ON BUSINESS EVERY DAY

	Married With Children	Married No Children	Single	Widow/ Divorced
	-----	-----	-----	-----
Low - 8	3 (24) 1.8%(11.7%)	0 (2) 0%(1%)	0 (4) 0%(2%)	0 (4) 0%(2%)
9 - 15	104 (95) 63.8%(46.5%)	23(29) 14%(14.2)	1 (26) 0.6%(12.7%)	25(15) 15.3%(7.2%)
16 - High	7 (0) 4.3%(0%)	0 (0) 0%(0%)	0 (4) 0%(2%)	0 (0) 0% (0)

Further to the above, this study goes further to determine if there are significant correlations between the marital status of the entrepreneur and the number of hours he spends on his business per working day.

The cross-tabulation on the above data came out with the following statistical values: -0.05648 for the Chinese and 0.10582 for the Malays. The correlation value for the Chinese indicates a negative relationship whereas the relationship for the Malays is positive. Nevertheless, even though both values are not significant at 0.01 critical level, only the value for the Chinese correlation shows a high degree of correlation at -0.05648.

7.2.5. Correlation of Influence of Religion on the Conduct of
Business By Percentage Profit Margin of the Respondent's
Business

Maurice Freedman¹⁴ ascribes the economic prowess of the Chinese to their superior ability to handle money, and their eagerness

¹⁴Freedman, Maurice (1959), 'The Handling of Money, A Note on the Background of the Economic Sophistication of the Overseas Chinese, *Man*, 59,64-85; reprinted in T.H,Silcock (ed.) Readings in Malayan Economics (Singapore, Eastern University Press)(1961) pp.38-42.

to earn as much profit as they can make from any business venture they are contemplating. This was also quoted in the Redding's study, only that Redding found that the Chinese entrepreneur, who would almost certainly will be a Buddhist, makes all the profits he can so that he will have a grand funeral when he dies. If possible, he will want the wealth he accumulated from life on earth to enable his descendants even to build a house to shelter the grave with.

The Malays however, being Muslims, have been known to be conservative on business ethics, always being very careful on everything they do for fear that whatever they do is in contrary to the principles of Islam. To a devout Muslim, however, his ultimate aim in life is to be accepted as one of the inhabitants of *Jannah*¹⁵ when he dies. All trade must be done with honour where honesty rules in all decisions made¹⁶. Excessive profits are not allowed in Islam and are considered as *haram*¹⁷, penalties of which are equivalent to receiving or giving bribes or corruption.

This study then proceeds on the question of how much religion influences the entrepreneur on the profit margin he makes from his business. The results of the correlation analysis is as shown in Table 7.8 below.

¹⁵Arabic for paradise or "heaven".

¹⁶The Holy Quran: iv. verse 29: "O ye who believe! Eat not up your property among yourselves in vanity: But let there be amongst you Traffic and Trade By mutual good-will: nor kill (or destroy) Yourselves: For verily Allah has been to you Most Merciful!".

¹⁷Meaning "unlawful", and is thus a sin, which will result in punishment in the here-after.

TABLE 7.8: CORRELATION OF INFLUENCE OF RELIGION BY
PERCENTAGE PROFIT MARGIN

	Low - 20	21 - 40	41 - High
Influence A Lot	0 (65) 0%(37.8%)	0 (13) 0%(6.4%)	0 (12) 0%(5.8%)
Some Influence	9 (30) 5.5%(14.7%)	2 (8) 1.2%(4%)	5 (12) 3%(5.8%)
Not Sure	2 (16) 1.2%(7.8%)	7 (8) 4.4%(4%)	0 (6) 0%(3%)
No Influence	36 (11) 22%(5.4%)	24 (0) 14.7%(0%)	6 (0) 3.7%(0%)
No Influence At All	61 (3) 37.4%(1.5%)	4 (3) 2.5%(1.5%)	7 (0) 4.3%(0%)

(The figures in brackets are for the Malays).

The statistical computation for the Chinese group produced a significance value of -0.26094 whereas the value for the Malay group is 0.01212. It is noted from the critical values as provided by the Statistical Tables that the Chinese figure shows no significant relationship between the two variables whereas for the Malays, the value of 0.01212 is slightly outside the 0.01 level of significance, but can still be accepted as indicating that there is a highly significant relationship between the two variables.

7.2.6. Correlation of Age of Respondent When Starting Business By Importance of Government Incentives on Business Startup

This correlation is taken to further the comparison on the findings made by Nagata¹⁸ who found that Malay entrepreneurs prior to 1972 were mostly from the 40 - 60 age bracket. The purpose in trying to find the degree of importance of government incentives and the age of respondent upon business startup is to find out the effect of the provisions of the New Economic Policy on new business startup, considering that the New Economic Policy provided the Malays with

¹⁸Nagata, Dr. Judith A.; *op.cit.*, 1972.

massive financial, technical and management support for their businesses through the government and semi-government bodies set up over the years.

TABLE 7.9: CORRELATION OF AGE OF RESPONDENT UPON BUSINESS STARTUP BY GOVERNMENT INCENTIVES AS INDUCEMENT TO BUSINESS STARTUP

	Low to 25	26 - 35	36 - 45	46 - High
Most Important	0 (49) 0%(24%)	1 (43) 0.6%(21%)	0 (25) 0%(12.3%)	0 (11) 0%(5.3%)
Important	0 (16) 0%(7.8%)	0 (30) 0%(14.7%)	0 (8) 0%(4%)	0 (0) 0%(0%)
Unsure	0 (0) 0%(0%)	0 (0) 0%(0%)	0 (0) 0%(0%)	0 (0) 0%(0%)
Not Important	8 (0) 5%(0%)	11 (16) 6.7%(7.8%)	6 (0) 3.6%(0%)	0 (0) 0%(0%)
Not Important at all	14 (0) 8.5%(0%)	117(6) 71.8%(3%)	6 (0) 3.6%(0%)	0 (0) 0%(0%)

(The figures in brackets are for the Malays).

Since Ordinal data are used, the *Gamma Coefficient* values are used. The statistical computation for the Chinese group produced a *Gamma* coefficient value of 0.04941 and for the Malay group, the value is 0.03354. Both *Gamma coefficient* values are not significant at 0.01 level of significance but can be accepted at 0.05 level of significance. This shows that there is a high degree of significance in the relationship between the two variables for both groups.

7.2.7. Correlation of Age of Respondents When Starting Business By Presence of Other Family Members in Business

The Redding¹⁹ study also concluded that new Chinese business startups by young Chinese members below the age of thirty from the same family (or clan) in the Philippines were related to the existence

¹⁹Redding, Jordon; *op.cit.*, 1983.

of other family members in business. These new startup ventures would normally begin their businesses specifically to act as suppliers or supplements to the existing family (or clan) business, or, as Redding puts it "...such new businesses would be set up because of the existence of clan and family affiliations to provide ancillary services as supplier as well as providing a degree of stability, or at least trust and reliability, in what might otherwise be a very uncertain business environment"²⁰.

The findings of the Redding study on the Chinese in the Philippines has strong similarities to findings of studies on the Jews and Asians in Britain as compiled in *Ethnic Communities in Business; Strategies for Economic Survival* by Ward and Jenkins²¹.

In the case of this present study however, the existence of family or clan members in business is correlated to the age when the entrepreneur started his business.

TABLE 7.10: CORRELATION OF BUSINESS STARTUP AGE BY PRESENCE OF OTHER FAMILY MEMBERS IN BUSINESS

Age	None	Yes, Immediate Family	Yes, Other Relative
Low - 25	5 (41) 3%(20%)	9 (8) 5.5%(4%)	8 (16) 5%(8%)
26 - 35	50 (50) 30.6%(24.5%)	41 (16) 25.1%(7.8%)	38 (29) 23.3%(14.2%)
36 - 45	2 (17) 1.2%(8.3%)	7 (3) 4.3%(1.5%)	3 (17) 1.8%(8.3%)
46 - High	0 (8) 0%(4%)	0 (0) 0%(0%)	0 (3) 0%(1.5%)

(The figures in brackets are for the Malays).

²⁰Redding, Gordon; *op.cit.*, 1983.

²¹Ward, Robin, & Jenkins, Richard; *Ethnic Communities in Business; Strategies for Economic Survival*, Cambridge University Press, 1983.

The statistical computation conducted through cross-tabulation of the above data produced *Rho coefficient* values of -0.04195 for the Chinese group and 0.05482 for the Malay group. Both values indicate that the correlation between the two variables for both groups are not significant at 0.01 level of significance, but acceptable at the 0.05 level. This means that there is a high degree of significance in the relationships between the two variables both for the Malays and the Chinese groups.

7.2.8 Correlation of Amount of Initial Startup Capital By Importance of Borrowing From Family Sources For Additional Capital

TABLE 7.11: CORRELATION OF AMOUNT OF STARTUP CAPITAL BY BORROWING FROM FAMILY SOURCES FOR ADDITIONAL CAPITAL

Capital	Most Important	Important	Unsure	Not Important	Not Important at all
0-25000	34 (77) 20.8%(37.7%)	11 (27) 6.7%(13.2%)	4 (18) 2.4%(8.8%)	0 (3) 0%(1.8%)	9 (3) 5.5%(1.8%)
25001 - 50000	41 (29) 25.1%(14.2%)	3 (19) 1.8%(9.3%)	13 (5) 8%(2.5%)	0 (0) 0%(0%)	1 (3) 0.6%(1.8%)
50001 - 75000	10 (6) 6.1%(3%)	3 (0) 1.8%(0%)	0 (0) 0%(0%)	0 (0) 0%(0%)	5 (6) 3%(3%)
75001 - 100000	19 (2) 11.6%(1%)	0 (3) 0%(1.8%)	0 (0) 0%(0%)	0 (0) 0%(0%)	0 (0) 0%(0%)
100001 - High	5 (2) 3%(1%)	3 (0) 1.8%(0%)	0 (0) 0%(0%)	0 (0) 0%(0%)	0 (0) 0%(0%)

(The figures in brackets are for the Malays).

The cross-tabulation above provided *Rho coefficient* values of -0.16503 for the Chinese group and 0.11727 for the Malay group. Both values are are not significant even at 0.05 level of significance. This means that the relationships between the two variables for the two groups are not significant for both groups.

7.2.9 Correlation of Amount of Initial Startup Capital By Importance of Borrowing From Commercial Banks For Additional Capital

TABLE 7.12: CORRELATION ON AMOUNT OF STARTUP CAPITAL BY BORROWING FROM COMMERCIAL BANKS

	Most Important	Important	Unsure	Not Important	Not Important at all
0-25000	58 (94) 35.5%(46%)	0 (16) 0%(7.8%)	0 (7) 0%(3.4%)	0 (6) 0%(3%)	0 (0) 0%(0%)
25001 - 50000	43 (45) 26.3%(22%)	16 (8) 9.8%(4%)	0 (0) 0%(0%)	0 (3) 0%(1.5%)	0 (0) 0%(0%)
50001 - 75000	17 (7) 10.4%(4%)	1 (5) 0.6%(1.5%)	0 (0) 0%(0%)	0 (0) 0%(0%)	0 (0) 0%(0%)
75001 - 100000	18 (2) 11%(1%)	1 (3) 0.6%(1.5%)	0 (0) 0%(0%)	0 (0) 0%(0%)	0 (0) 0%(0%)
100001 - High	8 (2) 5%(1%)	0 (0) 0%(0%)	0 (0) 0%(0%)	0 (0) 0%(0%)	0 (0) 0%(0%)

(The figures in brackets are for the Malays).

The cross-tabulation on the above data gave *Rho coefficient* values of 0.00934 for the Chinese group and -0.01638 for the Malay group. The Chinese *Rho* value shows a very highly significant correlation. The *Rho* value for the Malay group is slightly outside the 0.01 level of significance at 0.01 level of significance. Even though it is outside the 0.01 level, it can still be accepted as showing a significant relationship between the two variables. This means that there are significant relationships between the two variables for both groups.

7.2.10 Correlation of Size of Initial Capital Startup By Sector of Respondents

The breakdown of the cross-tabulation on the above variables is shown in Table 7.13 below.

TABLE 7.13: CORRELATION OF AMOUNT OF STARTUP CAPITAL
BY SECTOR

	Low - 25000	25001 - 50000	50001 - 75000	75001 - 100000	100001 - High
Retail	33 (51) 20%(25%)	34 (17) 20.8%(8.3%)	3 (6) 1.8%(3%)	3 (4) 1.8%(2%)	5 (0) 3%(0%)
Wholesale	2 (11) 1.2%(5.4%)	6 (8) 3.6%(4%)	1 (1) 0.6%(0.5%)	7 (0) 4.3%(0%)	1 (0) 0.6%(0%)
Cottage Industry	0 (19) 0%(9.3%)	0 (4) 0%(2%)	1 (0) 0.6%(0%)	0 (0) 0%(0%)	0 (0) 0%(0%)
Handi- craft	7 (4) 4.3%(2%)	2 (4) 1.2%(2%)	0 (3) 0%(1.5%)	0 (0) 0%(0%)	0 (0) 0%(0%)
Services	0 (11) 0%(5.4%)	3 (8) 1.8%(4%)	2 (1) 1.2%(0.5%)	0 (0) 0%(0%)	0 (0) 0%(0%)
Contracting	9 (19) 5.5%(9.3%)	3 (2) 1.8%(1%)	2 (1) 1.2%(1%)	8 (0) 5%(0%)	0 (2) 0%(1%)
Catering	2 (6) 1.2%(3%)	3 (9) 1.8%(4.4%)	6 (0) 3.6%(0%)	1 (0) 0.6%(0%)	0 (0) 0%(0%)
Supplier	6 (7) 3.6%(3.4%)	8 (4) 5%(2%)	3 (1) 1.8%(0.5%)	0 (1) 0%(0.5%)	0 (0) 0%(0%)

(The figures in brackets are for the Malays).

The statistical cross-tabulation on the above data provided *Rho coefficient* values of 0.11193 for the Chinese group and 0.04567 for the Malay group. With a *Rho* value of 0.04567, only the Malay group shows that the relationship between the two variables is significant, and that there are no strong relationships for the variables measured for the Chinese.

7.2.11 Correlation of Where Lived When Small By Age When Starting Business

TABLE 7.14: CORRELATION OF WHERE LIVED WHEN SMALL BY AGE UPON BUSINESS STARTUP

	Low - 25	26 - 35	36 - 45	46 - High
Rural Kampung	0 (5) 0%(2.5%)	15 (30) 9.2%(14.7%)	2 (7) 1.2%(3.4%)	0 (4) 0%(2%)
Small Town	0 (6) 0%(3%)	8 (15) 5%(7.3%)	0 (7) 0%(3.4%)	0 (4) 0%(2%)
Large Town	8 (11) 5%(5.4%)	56 (20) 34.4%(9.8%)	2 (9) 1.2%(4.4%)	0 (1) 0%(0.5%)
City or Major Town	14 (43) 8.6%(21%)	50 (30) 30.6%(14.7%)	8 (10) 5%(5%)	0 (0) 0%(0%)

(The figures in brackets are for the Malays).

The cross-tabulation on the above data provided *Rho coefficient* values of -0.11831 for the Chinese and -0.32974 for the Malay group. Both the *Rho* values for the Chinese and the Malay groups are found to be not significant.

7.2.12 Correlation of Where Lived When Small By Creation of Wealth As Reason For Entrepreneurship.

TABLE 7.15: CORRELATION OF WHERE LIVED WHEN SMALL BY CREATION OF WEALTH AS REASON FOR ENTREPRENEURSHIP

	Most Important	Important	Unsure	Not Important	Not Important at all
Rural Kampung	0 (19) 0%(9.3%)	17 (12) 10.4%(5.9%)	0 (10) 0%(5%)	0 (5) 0%(2.5%)	0 (0) 0%(0%)
Small Town	0 (0) 0%(0%)	0 (21) 0%(10.2%)	8 (11) 5%(5.4%)	0 (0) 0%(0%)	0 (0) 0%(0%)
Large Town	17 (12) 10.4%(5.8%)	33 (19) 20.2%(9.3%)	8 (10) 5%(5%)	8 (0) 5%(0%)	0 (0) 0%(0%)
City or Major Town	39 (39) 24%(19.1%)	17 (27) 10.4%(13.2%)	16 (8) 9.8%(4%)	0 (0) 0%(0%)	0 (9) 0%(4.4%)

(The figures in brackets are for the Malays).

The cross-tabulation on the above data provided *Rho coefficient* values of -0.22619 for the Chinese group and -0.06391 for the Malay group. Both *Rho* values are outside the 0.01 and 0.05 levels of significance, reflecting that there are no significant relationships between the two variables for both groups.

7.3 SUMMARY

The findings of this chapter has been based on the correlation analysis of the data between the Malay and Chinese entrepreneurs and this analysis has been explained and tabulated based on what was obtained from the computer printout of the statistical analyses.

These findings will be discussed further in the following chapter, which is the concluding chapter for this study, at the end of which some recommendations have been presented for further research areas, either to supplement the findings of this research or on other related issues.

CHAPTER EIGHT

DISCUSSION ON THE FINDINGS,
CONCLUSIONS AND RECOMMENDATIONS

CHAPTER EIGHT

DISCUSSION ON FINDINGS, CONCLUSION AND RECOMMENDATIONS

8.1 INTRODUCTION

From the study on the literatures in Chapters Two and Three, there is evidence to show that the Chinese have mostly been successful in entrepreneurship, commerce and industry wherever they went to settle away from the Chinese mainland. This was the same whether they had migrated as labourers, traders, or because of political persecutions from feudal conflicts in mainland China at the time. Entrepreneurship was used as the best resort, and for a significantly large number of them, the only alternative, in the struggle for survival in foreign lands. Their superiority in entrepreneurship and their domination of the local economies in some of these countries show as if they were born with the "business acumen" in them. However, as Harre's Situation-Act Model has shown, this is nothing more than responding to a need, both from within the individual and also from his environment. When the environment changes, the likelihood and the evidence are that people will respond, and the Chinese have proven that they are very strong in this aspect.

From the survey analyses in Chapters Six and Seven, it is also revealed that there are similarities as well as differences between the Malay and Chinese entrepreneurs in Sarawak on their business activity.

The call for the Malays in Sarawak to participate in business and commerce has been a chain reaction of the fear by the Malays in Peninsular Malaysia that they were going to lose their

political power to the Chinese in the late 1960s. So, the only way to ensure that they would not lose out was to correct the economic imbalance by the creation of Malay entrepreneurs.

These Malay entrepreneurs, however, would not have been able to stand the rigours of modern-day business activity considering that they did not originate from an entrepreneurial class of people. Their forefathers had led slow and contented lives working the fields growing padi or fishing in the seas or rivers for their daily meals. For those who lived in the villages and countryside, there was abundant food for everybody, land was available, and they did not have to work extra hard for survival. These facts would be of no help to them when things started to become difficult. The reality of economic backwardness crept into the minds of the Malays when they found that they had to pay more for the food that they eat, when the pace of development in the country was leaving them behind in their villages and rural dwellings and life-style, unlike the Chinese, who chose entrepreneurship because it was a matter of life and death, and whose forefathers were themselves entrepreneurially inclined, learning how to handle money shrewdly.

However, it is unreasonable to expect miracles to happen overnight. The results of the survey also prove that it is only in the last quarter century that the Malays have been exposed to entrepreneurship and they had to struggle to compete with the already established Chinese businesses. On this aspect, it is fair to say that the New Economic Policy, in trying to create a pool of Malay entrepreneurs, has shown some positive results, and the extent of involvement in business activity by the Malay group of entrepreneurs

involved in this study bears testimony to that. It must be remembered however, that the massive scale of the assistance, which between 1975 and 1980 amounted to more than M\$100 million¹ provided largely to the Malays in particular and the *Bumiputras* in general as compared to the results achieved so far means that greater efforts have to be undertaken to ensure that future policies would produce better results. Basically, this research tried to do just that, that is comparing the Malays to the Chinese in an attempt to understand the Chinese business practices, so that future policies that are drafted would yield the maximum results leading to more meaningful Malay participation in entrepreneurial activity.

For the Malays in Sarawak, this research provides the empirical evidence that they are still very far behind both in business involvement as well as in business achievement. The sizes of their businesses are very small compared to the "small" Chinese owned businesses. The capital they use for startups are minimal, and they have to resort to borrowing for capital more than the Chinese. The full description of the results of the analyses is shown in Table 8.1 below.

¹See Chee Peng Lim: 'Entrepreneurial Development Programmes: The Malaysian Experience', International Small Business Journal, 4, 1, Autumn, 1985 pp.12-24.

TABLE 8.1: RESULTS OF THE ANALYSES

<u>CORRELATION ANALYSES BETWEEN VARIABLES</u>	<u>MALAY</u>	<u>CHINESE</u>
Relationship between Academic Achievement and Family Status	0.80118 N.S.	0.79762 N.S.
Relationship between Percentage of own Money used in Startup Capital and Size of Capital Startup	0.59312 N.S.	0.55065 N.S.
Relationship between the Age of Entrepreneurs and the number of Hours spent daily on business activities	-0.02687 Sig.*	-0.21374 N.S.
Relationship between Marital status of Respondent and Number of Hours Spent Daily on the business	0.10582 N.S.	-0.05648 Sig.*
Relationship between the Influence of Religion and Percentage of Profit Margin	0.01212 Sig.	-0.26094 N.S.
Relationship between Government Incentives and Age of Starting Business	0.03354 Sig.*	0.04941 Sig.*
Relationship between Where Lived When Small and Age of Starting Business	0.32974 N.S.	-0.11832 N.S.
Relationship between Presence of Other Family Members in Business and Age of Starting Business	0.05482 Sig.*	-0.04195 Sig.*
Relationship between Size of Startup Capital and Borrowing Preference from Family members	0.11727 N.S.	-0.16503 N.S.
Relationship between Size of Startup Capital and Borrowing Preference from Commercial Banks	-0.01683 Sig.	0.00934 Sig.
Relationship between Sector of Business Involvement and Amount of Startup Capital	0.04567 Sig.*	-0.11193 N.S.
Relationship between Where Lived When Small and Creation of Wealth As Reason for Venturing into Business	-0.06391 N.S.	-0.22619 N.S.

Notes: Sig. - Highly significant correlation

Sig.* - Significant at the 0.05 level only

N.S. - No significant correlation

The general findings of the correlation statistics derived from the study which is presented in Table 8.1 above reveals that only in three areas are there significant relationships between selected variables for the Malay and Chinese entrepreneurs involved in the study. These are as follows:

1. That the age at which both groups of entrepreneurs ventured into business is significantly correlated to the business incentives by the government.
2. That the age at which the entrepreneurs ventured into business is significantly correlated to the fact that the entrepreneur has other members who are also involved in business.
3. That the size of capital used for startup by the entrepreneurs is significantly correlated to the preference by the entrepreneurs towards borrowing from commercial banks.

In three of the cases, there were significant correlations between variables for the Malays but no significant correlation for the Chinese entrepreneurs. These are explained as below:

1. That the number of hours spent by the Malay entrepreneurs on their business activities each day were significantly correlated to their age. This was not found for the Chinese entrepreneurs.
2. That there was a significant correlation between the profit margin made by the Malays out of their businesses and the influence of their religion. The results for the Chinese entrepreneurs did not show significant correlations on this.

3. That the sector of involvement by the Malay entrepreneurs is significantly correlated to the size of their startup capital. There was no significant correlation for the Chinese on this.

In one case, there was significant correlation for the Chinese but not for the Malays. This is explained as below.

1. That the number of hours spent by the Chinese entrepreneurs on their business activities each day is significantly correlated to their marital status. This was not the case for the Malay group of entrepreneurs.

In five cases there were no significant correlations between the variables for both groups of entrepreneurs. These are explained as below.

1. That there is no significant correlation between the level of academic achievement of the entrepreneurs and the economic status of their families when they were young.
2. That there is no significant correlation between the size of startup capital of the entrepreneurs and the percentage of their own money they invested in the startup capital.
3. That there is no significant correlation between the age at which the entrepreneurs ventured into business and the place where they lived when they were young.
4. That there is no significant correlation between the place where the entrepreneurs lived when they were young and the creation of wealth as the most important reason for venturing into business.

5. That there is no significant correlation between the size of startup capital of the entrepreneurs and their borrowing preference from members of their own family.

8.3 DELIBERATING ON THE RESULTS

Almost all the results from the analyses of the statistical correlation shows that the findings of earlier studies on the Malays and Chinese in Peninsular Malaysia, which reflect the Chinese as performing more superior than the Malays in their business activity, is hereby supported². There was an unexpected finding in only one case, and that is for the results of the correlation between the availability of government incentives and the age of venturing into business for the entrepreneurs. In this case, both Chinese and Malay entrepreneurs show that the age at which they venture into business is significantly correlated to government incentives, something which is unusual because the Chinese are known to harbour grievances about the provision of special privileges to the Malays. For example, the Chinese were very vocal when making their grievances against the New Economic Policy but this study has shown that the NEP has in fact facilitated the increase in the number of Chinese owned businesses.

²See 1. Mahmud, Abdul Aziz; *Malay Entrepreneurship: Problems in Developing A Comparative Empirical Analysis*, Prime Minister's Department, Kuala Lumpur, Occasional Paper No.7, November, 1981, *op.cit.*
2. Popenoe, Oliver; *Malay Entrepreneurs: An Analysis of the Social Backgrounds, Careers, and Attitudes of the Leading Malay Businessmen in West Malaysia*, Ph.D. thesis (Unpublished), London, 1970, *op.cit.*
3. Charlesworth H.A.; *Sole Strain in Bumiputra Entrepreneurs - Can it Be Overcome?* Unpublished research paper submitted to MARA Institute of Technology, Malaysia, 1974, *op.cit.*
4. Conway, B.M., *The Practice of Management Development in West Malaysia 1971 - 1975*, Edinburgh, 1975 (Unpublished Ph.D Thesis), *op.cit.*

This was similar to the situation when the Chinese complained and lobbied against the use of *Bahasa Malaysia* as the national language but they sent their children to study and master the language discreetly, either in night tuition classes or additional weekend teaching sessions conducted by Chinese teachers who already mastered the language. The situation in the country has now reached a level where Chinese students have been proven to perform as well as the Malay students (if not better than the Malays) since the whole education curriculum used *Bahasa Malaysia* as the medium of instruction in the mid-1970s.

Despite this, however, as can be deduced from Table 8.1, it can be seen that there are strong similarities in five of the cases. The level of academic achievement of both groups of entrepreneurs is not significantly correlated to the economic status of their families. This needs to be explained further because the table on frequency breakdown on the level of academic achievement of the entrepreneurs shows that there are more Chinese entrepreneurs who had college or University education whereas there were more Malay entrepreneurs who only completed secondary education. The result nevertheless indicates that there is no possibility that the levels of academic achievement of the entrepreneurs is due to the economic status of the entrepreneurs' families.

Another similarity between the results is that there is no significant correlation between the size of their startup capital and the percentage of own monies used in these startup capital. For this correlation, it must be remembered that more than 62 percent of the Malays used startup capital sums of M\$25,000 and below whereas for the Chinese, only 36 percent of them fell into this category. There were

also more than 10 percent of the Chinese entrepreneurs who used sums between M\$75,001 and M\$100,000 but only 5 percent for the Malays. Overall, the direct implication of this variable is that the Malays use much smaller amounts of capital for their business startups. This part of the findings shows the weakness of the Malays in handling large sums of money for use in business start-up capital. A possible result of this weakness is the possibility of the Malays themselves slowing down the process of entrepreneurial development, something which they badly need for the creation of a Malay business base. This so called Malay business base is important because it should provide as the springboard for more Malay businesses to be created, similar to the manner in which Asian and Jew entrepreneurs support their own folk in the United Kingdom.

Another interesting result of the correlation analysis is that there is a significant correlation between the number of hours the Malays spend on their daily business activities compared to the Chinese, for whom the result did not show a significant relationship. This is considered interesting because the number of Malay entrepreneurs who said they only spend 8 hours and less on their business is quite significant, at 16.8 percent, compared to only 1.8 percent of the Chinese entrepreneurs. On the whole, there were almost equal numbers from both groups who spend between 9 and 15 hours on their business activities in an average working day. This explains why the relationship for the Malays is only significant at the 0.05 level.

On the issue of religion for both groups, the result of the correlation is as expected, that is, for the Malays, there is a significant correlation between the influence of religion and the

amount of profit margin the businesses bring in. Nagata's and Mahmud's studies also concluded with the same finding³. For the Chinese, this result proved that they must make as much profit as they could so that they can have a grand funeral when they die, thus preparing them for an equally prosperous life in the hereafter. This can be seen from frequency breakdown which revealed that 44 percent of the Malays who chose the answer "Influence a Lot", compared to none from the Chinese group. On the other extreme, 44 percent of the Chinese entrepreneurs said religion has "No Influence At All" in their business activity.

This also explains why there is a significant correlation between the influence of religion and the amount of profit margin made from the business for the Malay entrepreneurs but no significant correlation for the Chinese. It is a common understanding in Sarawak that the Chinese are willing to take heavy risks in their business operations, to the point where some of them will even contemplate suicide when their business ventures fail. For the Malays, they are more likely to keep a very low profile when their business ventures fail. A failure in business is no reason to take one's life because their religion specifically says that someone who takes his own life will never even "*smell the scent of Paradise*". It is common knowledge that for the Chinese, religion is not important in entrepreneurial activities. It is not uncommon to see a Chinese entrepreneur placing prayer altars in front of the doors of gambling houses or even massage parlours and these prayer altars would be smoky with lots of joss sticks being lighted, to please the diety who, it is hoped, will make the business successful.

³Mahmud, Abdul Azis: *ibid.*, and Nagata, Judith: *ibid.*

As has been mentioned earlier, there was an unexpected finding from the results, and that is, there is a significant correlation for both the Malay and Chinese entrepreneurs between the availability of government incentives and the age at which the entrepreneurs venture into business. This result is contrary to what is expected because, for the Malays, it is accepted that the government provides them with various incentives to help them not only start venturing into business, but also to help them secure jobs and contracts once they have started their businesses, especially in line with the objectives of the New Economic Policy. This is not exactly the case for the Chinese, because priorities are given to the Malays and the Chinese have aired their dissatisfaction at the way the Malays are given privileges.

This researcher now suggest two explanations to this. One is that the Chinese entrepreneurs have been successful in finding a solution to the problem of special treatment given to the Malays, that is by beating round the system to get the desired objective. The other is that the *Ali-Baba* syndrome of the 1970s (and which is still being practised by many Malay entrepreneurs at present) must have existed on a scale more serious than what had been feared by the government. That is why even though more and more opportunities were reserved to the Malays, in the final analysis, the Chinese still find they are able to undertake the jobs and services which were awarded to the Malays and they perform the services and contracts either as sub-contractors or on joint venture basis with the Malays.

There is no significant correlation for both groups between the age at which they ventured into business and the place where the

entrepreneurs lived when they were young. This is also a surprise from the results of this study because there were more Malay entrepreneurs who were brought up in the rural villages compared to the Chinese (46 Malays compared to only 16 Chinese). From Table 7.13, it can also be seen that the majority of the Chinese were brought up either in the large towns or the city. This was (and to some extent, still is) a strong weakness of the Malays and the fact that more and more Malays are venturing into business means that the weakness is being ironed out. It is obvious that the Malays have improved in their business performance to some extent and even though many resort to *Ali-Baba* partnerships, many more are now carrying out the business activities themselves.

Both groups showed significant correlation between the presence of other family members in business and the age at which they started their businesses. This is obvious when comparing the results of the correlation analysis with the frequency breakdown in Table 6.5 which shows that the majority of both the Chinese and Malay entrepreneurs (79 percent for Chinese and 46 percent for the Malays) ventured into business between the ages of 26 and 35. The result above shows that the significance is only at the 0.05 level of significance and this is attributed to the fact that less than half of the Malays had family members in business whilst for the Chinese group, the figure was 65 percent.

The other result which showed a significant correlation was in the size of startup capital and the preference of borrowing from commercial banks for both groups of respondents. This means that both groups of entrepreneurs were receptive to borrowing from commercial

banks for their startup capital but at the same time, there was no significant correlation for both groups between the size of the startup capital and borrowing preference from family members.

For the Malays, this of course partly contradicts their stand on religion which they declared when filling in the questionnaire, and which has been mentioned above, that religion does affect them in the conduct of business. This is because, it is obvious that when they borrow from banks, they are bound to pay interests on the sums borrowed, meaning that they have broken one of the prime ethics of their religion, Islam. The only explanation attributable to this is that even though Malaysia declares itself an Islamic country, it does not have an Islamic economy. Its economic system is very much based on Western ideologies and it is not until in 1983 that Malaysia has its own Islamic bank.

Lastly, the sector chosen by the Malay entrepreneurs was significantly correlated to the amount of their startup capital whereas for the Chinese, there was no correlation to show this. This can be explained by the fact that the Malays used relatively small sums of money for their startup capital and this led them to involvement only in the sectors where the initial capital outlays would not be too demanding, such as the Service, Retail and Cottage Production sectors. For the Chinese, even though the majority of them were found in the retail sector as well, their startup capital sizes were relatively bigger than what the Malay entrepreneurs used.

This last fact has shown how vulnerable most of the Malay businesses and Malay entrepreneurs were. Being small, they have no power over a multitude of activities. For example, a Malay grocer is

at the mercy of the Chinese wholesaler who has the weapon to determine whether to supply or not to supply. This was the researcher's personal experience with his own village shop, which is stocked with goods and foodstuffs supplied by the Chinese. One case was the sugar shortage of 1984 when not enough sugar was arriving through the ports. The researcher's brother, who looks after the shop could not get supplies of sugar to sell while the Chinese shops along the same street did have sugar to sell, even though all shops in the area got their sugar supplies from the same source.

8.4 IMPROVING ENTREPRENEURIAL ASSISTANCE TO THE MALAYS

To improve the existing Malay entrepreneurial assistance programmes, additional information on the Malay entrepreneur is essential. The sudden and mostly unplanned startup of Malay entrepreneurship because of the preferential treatment in their favour, and its erratic development, has created and left a gap in how little knowledge the Malay entrepreneur had before he ventured into business. The information demands are many and varied. It is hoped that the areas highlighted by this research on where the weaknesses of the Malays lie, as much as where the strengths of the Chinese are, will help in ensuring that future policies and assistance programmes will address the right target groups with less losses than what previous programmes incurred.

The general contention in this concluding chapter is that the similarities and differences in the entrepreneurial activity of the Malay and Chinese in this study can be further analysed so that better programmes and policies can be drawn, which, beside being

useful in enhancing Malay entrepreneurship, will not be too detrimental to the position of the Chinese entrepreneurs, like what happened during the 20 years of the New Economic Policy.

Presented below are five areas of immediate concern which this research hereby suggests that the government and other semi-government agencies need to look into, and which are essentially inter-related. These areas, which cover the whole spectrum of the relevant sections which are required in any entrepreneurial assistance programme should be looked at as supplements to one another and could also be further broken down into sub-units, depending upon other factors such as the amount of funds available, the sectors of involvement, and the types of assistance to be provided to the entrepreneurs.

To make future policies efficient as well as effective, both public and private agencies involved in entrepreneurial development such as the SEDC or MARA will need to assess how far they can work together in furthering and improving the entrepreneurial activity of the Malays in line with the Chinese entrepreneurial talents without creating resentment from the Chinese. This is an important criterion because failure to address the need for cooperation only leads to unnecessary duplication and wastage of resources, which has been the common trademark of past entrepreneurial assistance programmes under the NEP.

8.5 FIVE AREAS OF IMMEDIATE CONCERN NECESSARY FOR FUTURE
ENTREPRENEURIAL DEVELOPMENT POLICIES

1. Information Base

Malay entrepreneurs lack the necessary flow of information or news related to trade and other commercial opportunities which can reveal sectors as well as industries with greatest potential that isolates areas of individual strength or weaknesses, that indicates potential personal adjustment problems, and enables them to estimate their personal probability of success.

2. Supporting Agencies

Supporting agencies such as MARA, various business development organizations and ministries (such as the Ministry of Industrial Development) and economic development corporations (such as SEDC) need to coordinate their efforts and work together to eliminate duplication. They have to increase efforts to ascertain programme requirements, check weaknesses, entrepreneurial needs and information to focus their limited resources into areas with highest potential for enhancing Malay entrepreneurial performance.

3. The Role of Academic Institutions

Educational institutes from the secondary school to colleges and Universities such as Institut Teknologi MARA, and other training institutes such as the National Productivity Centre can benefit by greater insight into the unique educational and training needs of the Malay entrepreneur. The State Government could set an agency, such as the suggestion for the development of a "Sarawak Economic Development Agency" along the lines of MEDEC in Kuala

Lumpur for the further development of Malay entrepreneurs in the state, with the cooperation of Federal agencies, including from MEDEC itself, referred to earlier.

4. Financial Organisations and Banks

Financial lending organizations, both private and public such as Bank Bumiputra Berhad, Bank Pembangunan Berhad or even MARA must be able to accurately assess the potential of the Malay entrepreneur and this is where the results of this research can prove useful. Application of traditional financial criteria to the Malay entrepreneur may prevent many capable and enterprising businesses from receiving financial assistance, so this has to be reviewed from time to time to suit the requirements of the sector as well as the economy prevailing at the time financial loan applications are presented. The information obtained from the result of this research can help to enable such groups to more accurately assess potential for future success.

5. Independent Entrepreneurial Research and Theoretical Development

Researchers and academicians interested in contributing to the body of knowledge related to Malay and Chinese entrepreneurs can utilize some of the findings of this research. The information requirements are substantial, and breaking down the results and the variables in the research further can lead to the establishment of a suitable framework needed to integrate the diverse studies and findings.

8.6 RECOMMENDATIONS FOR FURTHER RESEARCH

The potential for further research on the issue of entrepreneurship in Sarawak is limitless. It is now known that this

research on the comparison of the business activity of the Malay and Chinese entrepreneurs is the first of its kind to be undertaken for the state. Being the first one to be undertaken, it has nonetheless paved the way for other researches to be carried out, be it for academic or other purposes.

8.6.1 Pre-requisites for Further Research

Being of exploratory nature, and also because of the fact that the research does not use sampling due to the availability of whole respondent populations, this research did not test any hypothesis. Any future research on the issues of business and entrepreneurship in Sarawak has first of all to consider the following limitations;

a. Survey Method

The most appropriate method for conducting a survey on entrepreneurship and business in Sarawak is by using the personal interview. This is because Sarawakians are still not receptive to receiving questionnaires which ask them questions about how they conduct their businesses and other business related issues through the post. The pilot study conducted for this research revealed that the postal survey method, even though enclosed with inducements such as stamped addressed envelopes or even "coffee" money for the bother to fill the questionnaires, is bound to be abused.

b. Respondent Selection

Any research involving the different races in the population will encounter the same problems faced by this research, which is suspicion and fear. This research revealed that suspicion and fear on the part

of entrepreneurs on questions asked by researchers can hamper the selection of populations or samples. For that matter research on the individual races is still best handled by members of the respective race themselves, in order to reduce the barrier caused by suspicion, unless the research is on mundane and general issues such as brand loyalty of products, price increases on necessities or other census like surveys.

c. The Official Secrets Act

The Malaysian Official Secrets Act of 1987 means that information which are considered as sensitive and which might arouse racial sentiments are not made available to the public. Even if these information were available, they are not allowed to be published. In Malaysia, such information will include statistics on some aspects of the population, governmental planning policies and land development plans. Even the percentage of achievement of the New Economic Policy was kept confidential until the Prime Minister announced it to the public in December 1989.

d. Funds

It has been explained above that the postal method of survey for a research does not fare well with the attitudes of most Sarawakians. For that matter, any research on entrepreneurship which attempts to cover the whole state will need a substantial amount of money in order to be successful. Travel and accommodation expenses can consume a significant portion of the funds for the research because of the spread of the towns in the state and the nature of the infrastructure, which demands that the researcher resort to flying rather than road or river transport.

8.7. Suggestions For Further Research

Based on the understanding that the above pre-requisites are taken into consideration, the following are recommended as areas where possible future research could be undertaken.

8.7.1 Research on the Influences of Culture, Religion ad Tradition on Entrepreneurial Attributes

One possible area for further research is on the issues of the influences of religion, culture and traditions on the entrepreneurial attributes of the entrepreneurs in the state. This is because the population of Sarawak is multi-racial as well as multi-cultural, even to the extent of having split cultural differences in the sects or clans within the races.

8.7.2 Growth Characteristics of Entrepreneurs

Another relevant area for further research is the need to discover the factors which make up the growth characteristics of entrepreneurs in Sarawak, especially on the Malays. Research on growth characteristics can form a supplement to this research. The findings could prove useful as potential yardsticks in assessing the performance of entrepreneurs who can qualify from specific entrepreneurial development programmes, or who can benefit from special schemes involving joint venture projects and so on.

8.7.3 Changes in Socioeconomic Status of Entrepreneurs

A research on the above topic will need to be conducted over a certain length or period of time, such as ten years. The length of time involved in such a research will not make it feasible if conducted individually. However, since the results of the research

will be useful in measuring how much entrepreneurship can influence the socioeconomic status of the entrepreneur, such research will still be worth conducting but it has to be done preferably by a government or semi-government body.

8.7.4 The Effectiveness of Entrepreneurial Training

Many courses and programmes are available, mostly organised by the semi-government agencies such as SEDC, MARA and STIDC, especially to train the Malay entrepreneurs. A research should be undertaken to review how effective these entrepreneurial training programmes are, so that mistakes can be corrected and future training programmes tailored more specifically to those groups who will benefit most. The main aim behind such a research will have to be the identification of ways of how to reduce wastage in the resources employed such as through duplication and the wrong selection of participants.

8.7.5 Research on other *Bumiputra* Groups

Studies should also be conducted on the other *Bumiputra* groups in relation to their entrepreneurial ability and performance as a whole. For example, such a study might concentrate on the Dayak and Bidayuh communities for a start, to assess the best ways that could be undertaken to increase their involvement in entrepreneurial activity.

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APPENDIX ONE

TEXT OF SPEECH BY MINISTER OF INDUSTRIAL DEVELOPMENT, SARAWAK,

ABANG JOHARI TUN OPENG ON THE PROPOSED CONTENTS OF THE

NATIONAL ECONOMIC CONSULTATIVE COUNCIL

(The following text on the post-1990 National Economic Policy was read by Sarawak's Minister of Industrial Development, Abang Johari Tun Openg at the Putra World Trade Centre on 1 August, and published in the Borneo Post, 2.8.1989)

Kuching: Tuesday - The development of genuine Bumiputra entrepreneurship in the commercial sector who could thrive in competitive climate should be one of the main emphases of post-1990 national economic policy, Industrial Development Minister Abang Johari Tun Openg said.

He said other emphases should include:

- * Greater dissemination of business opportunities and facilities so that Bumiputra businessmen can fully utilise the existing facilities, and
- * Re-emphasise on human resource development for Sarawak. In particular, the creation of skilled and semi-skilled labour force with the right and adequate technical and professional know-how is of paramount importance for laying down the groundwork for Sarawak's industrialisation in the next decade.

The Minister was speaking at a national meeting on "Post-1990 Economic Policy" at Putra World Trade Centre in Kuala Lumpur. Abang Johari continued;

QUOTE: "The primary objective of post-1990 economic policy should be to create social justice among all Malaysians at every level of the society, irrespective of race. To achieve this, there should be a

reorientation of existing policies through introducing new priorities for the government sector to implement. On top of this, it is imperative that current development efforts on certain government priorities (such as poverty eradication and manpower training) should be redoubled so as to achieve their desired goals.

Malaysia, which has embarked itself in a drive towards greater industrialisation must be able to adjust to the ever-changing condition of regional and international economic climate of 90's. This can be done through laying down a solid foundation in various spheres of government sectoral activities such as manpower, bureaucracy, education, technology, rural development, etc. The following discussion shall examine these priorities in greater details.

DECENTRALISATION OF FEDERAL AUTHORITY

There is a need to recognise that the distance from the Centre tends to hamper and slow down the process of decision making which consequently affects project implementation and evaluation so crucial to the success of the NEP. This could render the working of bureaucracy ineffective, particularly in terms of red tape, inefficient flow of information from the top to the bottom and vice versa, and slow communication of decision from one layer of bureaucracy to the other. In view of this situation which is compounded by the rapid pace of the development and emerging competitive regional economic scenario in the next decade, a "new" approach must be adopted in Federal-State relations.

This calls for the decentralisation of Federal Authority power at the following levels, without, at the same time eroding the

powers of the Federal Authorities:

1. To the Department/Agency at the State level and/or,
2. to the State itself.

Efforts towards greater decentralisation of Federal Authority is necessary for the following reasons:

- I. to ensure smoother and more efficient working of the Federal vis-a-vis State bureaucratic set-up as far as implementation of the government policies are concerned. The Federal Departments at State's level do not have always to refer to their parent Authority in Kuala Lumpur for endorsement/approval/decision, etc. especially where policy matters are not involved.
- II. to overcome problem of physical distance - especially for East Malaysia.

DECENTRALISATION OF BUREAUCRACY

Complementary to the decentralisation of Federal-State relations is the devolution of administrative power in the nation's bureaucracy. Since eradication of poverty will continue to become a major thrust of the government policies in the nineties, the fruits of development must be able to permeate the grassroot level especially among the "hardcore" poor.

This certainly requires a decentralisation of administration system to enable officials at the grassroots level to participate

directly in the formulation and implementation of development projects. This will enable the beneficiaries to be involved not only in the implementation of a project but more importantly, participate in the decision-making process which affect their lives.

By paying serious attention to the views of the people on projects implemented for them, particularly at the initial stage of implementation, will enable the government to gain the people's trust and confidence. This shall allow harmonious working environment to prosper where government officials and the people can work hand-in-hand on development projects rather than create antagonism and discontent among the latter against basically a top-down, non-accomodative government initiative.

REGIONAL DEVELOPMENT

There should be greater emphasis on the development of less developed region to ensure fair distribution of the fruits of progress, apart from allowing the less developed region to "catch up" with the growth of the more developed region. *Balanced development* should be promoted in such a way as to reduce disparities between growth centres in urban areas and smaller towns in rural areas. "It should be realised that the most developed areas are not necessary to those with the greatest potential, over-development of such areas could be due to errors of economic policy. Moreover, the richest areas are not necessarily those with the best prospects. some of the poorer areas may be poorer only because they have been neglected" (Arthur Lewis, Development Planning, 1979).

Regional development must necessarily encompass the following

areas:

I. Regions within each State

II. Regional grouping of States on the basis of economic development of the respective regions.

East Malaysia and Sarawak in particular faces typical problems which act as a barrier to effective development efforts. These problems, include physical distance/isolation from primary growth centres, lack of infrastructure, poor transportation system, high input costs for manufacturing sector, lack of skilled and semi-skilled labour and small and fragmented market.

In fact, the ratio of Sarawak's per capita has been below national average. The regional imbalance between Sarawak and West Malaysia is obvious. All socio economic indicators available (including land development) point to the same conclusion. In view of this situation, it is imperative that the post 1990 economic policy acknowledge this imbalance development between the respective region and accord special attention to redress the problem. Perhaps special attention concessions in policy matters (eg. investment incentives) or greater allocation of revenue (eg. for road construction, health facilities etc) can be given to the less developed regions.

SCIENCE AND TECHNOLOGY

The period of the 1990's and beyond is poised to become more challenging for Malaysia as far as the industrialisation programme is concerned because of rapid advancement in computer technology, infor-

mation/communication system, and further exploration of new scientific fields such as solar energy, bio-engineering, super-conductors etc. Malaysia must be prepared to take up this challenge head-on. In other words, our educational system and together our planning for Malaysia's manpower need, must put this future development scenario in a proper perspective so that Malaysia would have at hand the right kind of adequate skilled manpower for its various sectors of the economy (though there is an obvious lack of skilled workers at the subprofessional and technical level, we are facing an acute graduate unemployment in the country numbering 35,000 - reflecting a mismatch between the need of the industry for specialised skills and the creation of workforce the "less marketable" or inappropriate skills).

In this connection, Malaysia must also be able to adopt appropriate technology for its industrialisation programme. What we are lacking now is a comprehensive technology policy (as has been reiterated by Dr. Nordin Sopiee of ISIS among others, in various occasions) which can serve an action-oriented guideline for our industrialisation efforts. Such policy should aim at the development of indigenous techniques on the basis of suitable local environment, the availability of local resources and the possibility of being productively applied by the Malaysian labour force.

The introduction of indigenous technology which are of reasonable and yet affordable cost for the rural people is of great importance if we want to increase the productivity and "efficiency" of the rural sector. Likewise in the manufacturing sector, the application of appropriate technology will certainly help to boost the growth of primarily small and medium-scale industries which can readily

utilise the adapted production techniques based on locally available resources.

THE SIDE EFFECTS OF THE NEW ECONOMIC POLICY: THE DEPENDENCY SYNDROME

The manner in which the NEP has been implemented has contributed to a large extent to the emergence of the so-called "dependency syndrome" among the Bumiputra community. Too much expectations has been generated among the community on what the NEP can give to them and their children. We can see this syndrome almost everywhere. In the agricultural sector, the farmers/fishermen are still very much dependent on government subsidies and various forms of financial assistance to survive. In the large plantation/estate sector, most settlers in government land schemes are not at all self-sufficient. Instead the government has to pump in money continuously in order to sustain these projects. In the business sector, many, if not most Bumiputra businessmen are still relying on government contracts, licences, permits, loans etc. to survive and as a result, cannot withstand the fierce competition in the challenging corporate or business sector.

In the manpower sector, many of the government scholars are still looking at the government as the major provider of jobs for them rather than searching for new avenues in the job market. This situation obviously cannot persist anymore. The Bumiputra community must transform itself from a community which is very much dependent on government's largesse to one which is more self-reliant and resilient for only then can it effectively compete with the others in the next decade of greater liberalisation of government policies.

This necessitates the government to reorient its role in promoting change and development. The government should become more as a facilitator and a catalyst for economic growth and development rather than an active participant in the economy especially in commercial projects.

This reorientation of government role in the context of post-1990 economic policy implies that (as partly mentioned in the previous sections):

- I. Greater participation of the people in the implementation of development projects should be encouraged, especially to the grassroots level.
- II. Programmes and strategies to help Bumiputra business community prosper should in the final analysis, aim at creating a self-reliant and independent Bumiputra businessmen including through greater privatisation and corporatisation of public enterprises.
- III. Greater attention should be given to merits and qualification in university intake, government recruitments in the civil service sector and semi-government bodies to create a more competitive and yet healthy environment for both aspiring Bumiputra students and job takers respectively.

CONCLUSION

The past performance of the NEP has shown that despite remarkable success in some areas such as the creation of job and educational opportunities for the Bumiputras and significant reduction

in poverty level in West Malaysia, the performance in many other areas level much to be desired. One of the significant factors that hamper effective implementation of the NEP is the lack of policing, ineffective monitoring and poor supervision of policy implementation. This has led to a misdirection of implementation in some crucial areas of the NEP (eg. subsidies for the poor are misdirected to help the better-off farmers/fishermen, scholarships given to well-off families, creation of instant millionaires, just to name a few).

Because of poor supervision, a number of officers entrusted to safeguard Bumiputra interest lost their sense of accountability to the public, sometimes at a most glaring instance(eg. the BNF scandal, mismanagement of cooperatives and public enterprises).

These negative practices should not be tolerated at any time and more so in the context of the post-1990 economic policy, lest we want to repeat the same mistake. Therefore, in future policies, performance must be strictly measured against objectives. Where deviation from the target or objectives has occurred, effective corrective actions must be taken by concerned authorities to avoid further slippages in policy implementation. In this context, the introduction of the *Ombudsman system and/or in-house Audit Unit* in government sector is very timely so that the implementation of policies can be supervised closely and effectively. UNQUOTE

APPENDIX TWO

SPSSX PROGRAMME COMPUTER CODING FRAME FOR QUESTIONNAIRE

QUES. NO.	VAR. NO.	VARIABLE NAME	CODE	COLUMN NO.	RECORD NO.	VAR./CODE
A*	001	Questionnaire Number	001-999	1-3	1	V1 1
B*	002	Race 1 Malay 2 Chinese	1-2	4	1	V2 4
<i>Space in Column 5</i>						
1	003	Years already running business	1-4	6-7	1	V3 6
2	004	Location of business 1 Kuching 2 Sri Aman 3 Sarikei 4 Sibul 5 Kapit 6 Bintulu 7 Miri 8 Limbang/Lawas	1-8	8	1	V4 8
3	005	Business Sector 1 Retail 2 Wholesale 3 Cottage 4 Handicraft Production 5 Services 6 Contracting 7 Catering (Food & Beverages) 8 Supplier (All Items)	1-8	9	1	V5 9
4	006	Age Now		10-11	1	V6 10
5	007	Marital Status 1 Married with children 2 Married no children 3 Single 4 Widowed/Divorced	1-4	12	1	V7 12

QUES. NO.	VAR. NO.	VARIABLE NAME	CODE	COLUMN NO.	RECORD NO.	VAR./CODE
6	008	Number of brothers and sisters in the family 1 One 2 Two 3 Three 4 Four 5 Five 6 Six 7 Seven 8 Eight or more	1-8	13	1	V8 13
7	009	Academic achievement 1 Primary only 2 Up to secondary 3 College/University 4 Profesional	1-4	14	1	V9 14
8	010	Family status when young 1 High Income 2 Upper/Middle Income 3 Lower/Middle Income 4 Low Income	1-4	15	1	V10 15
<i>Blank Space in Column 16</i>						
9	011	Father's main occupation 1 Labourer 2 Farmer/Fisherman 3 Clerk/Salesman 4 Government Officer/ Business Executive 5 Small business owner 6 Professional 7 Other	1-7	17	1	V11 17
10	012	Languages spoken 1 Malay/Chinese 2 Malay and Chinese 3 Malay, Chinese and one other 4 More than three	1-4	18	1	V12 18
11	013	Any other family member in business 1 No 2 Yes (Immediate family) 3 Yes (Other relatives)	1-4	19	1	V13 19
12	014	Where lived when small 1 Kampong (rural village) 2 Small town 3 Large town 4 City/Major town	1-4	20	1	V14 20

QUES. NO.	VAR. NO.	VARIABLE NAME	CODE	COLUMN NO.	RECORD NO.	VAR./CODE
13	015	Previous occupation before starting up business 1 Labourer 2 Farmer/Fisherman 3 Clerk/Salesman 4 Government Officer/ Business Executive 5 Worked with another small business 6 Professional 7 Other	1-7	21	1	V15 21
14	016	Age when starting own business		22-23	1	V16 22
15	017	Who influenced most 1 Immediate family 2 Friend 3 Other Relatives 4 No One	1-4	24	1	V17 24
<i>Blank Space in Column 25</i>						
16		Reasons for starting own business				
	018	Inadequate education	1-5	26	1	V18 26
	019	To create wealth	1-5	27	1	V19 27
	020	Independence	1-5	28	1	V20 28
	021	Prior skill	1-5	29	1	V21 29
	022	Made redundant	1-5	30	1	V22 30
	023	Government incentive	1-5	31	1	V23 31
17	024	How many other businesses 1 Another one 2 Another two 3 More than two 4 This is the only one	1-4	32	1	V24 32
18	025	Legal status main business 1 Sole proprietor 2 Partnership 3 Private P.L.C. 4 Other	1-4	33	1	V25 33
19		Determine conduct of Business				
	026	Adequate Capital	1-5	34	1	V26 34
	027	Quality Products/Services	1-5	35	1	V27 35
	028	Entrepreneurial training	1-5	36	1	V28 36
	029	Location	1-5	37	1	V29 37
	030	High Sales/Income Turnover	1-5	38	1	V30 38
	031	Family support	1-5	39	1	V31 39
	032	Previous Business Exper.	1-5	40	1	V32 40
	033	Religion	1-5	41	1	V33 41

QUES. NO.	VAR. NO.	VARIABLE NAME	CODE	COLUMN NO.	RECORD NO.	VAR./CODE
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20	034	Most pressing problem on start-up	1-6	42	1	V34 42
		1 Inadequate capital				
		2 Lack of self-confidence				
		3 Lack of customer confidence				
		4 Low business volume				
		5 Stiff competition				
		6 Other				

21	035	Most pressing problem in first two years	1-6	43	1	V35 43
		1 Inadequate capital				
		2 Lack of self-confidence				
		3 Lack of customer confidence				
		4 Low business volume				
		5 Stiff competition				
		6 Other				

22	036	Most pressing problem now	1-6	46	1	V36 44
		1 Inadequate capital				
		2 Lack of self-confidence				
		3 Lack of customer confidence				
		4 Low business volume				
		5 Stiff competition				
		6 Other				

Blank Space in Column 45

23		Factors determining business location				
	037	Cheap rent	1-5	46	1	V37 46
	038	Close to own residence	1-5	47	1	V38 47
	039	Availability of facilities	1-5	48	1	V39 48
	040	Status/High image	1-5	49	1	V40 49
	041	Authority determined	1-5	50	1	V41 50

24		Factors determining choice of sector				
	042	Amount of capital	1-5	51	1	V42 51
	043	Inherited	1-5	52	1	V43 52
	044	Government Incentive	1-5	53	1	V44 53
	045	Academic background	1-5	54	1	V45 54
	046	Skill acquired previously	1-5	55	1	V46 55
	047	Supplement family business	1-5	56	1	V47 56

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Blank Spaces in Columns 1 - 5

25		Number of employees				
	048	during start-up		6-7	2	V48 6
	049	at present		8-9	2	V49 8

QUES. NO.	VAR. NO.	VARIABLE NAME	CODE	COLUMN NO.	RECORD NO.	VAR. /CODE
26	050	Initial Capital for start-up	1-4	10-15	2	V50 10
<i>Blank Space in column 16</i>						
27	051	Reveal profit margin 1 Yes 2 No	1-2	17	1	V51 17
28	052	Actual profit margin		18-19	2	V52 18
29	053	Amount of own capital 1 None 2 up to 25% 3 up to 50% 4 up to 75% 5 whole	1-5	20	2	V53 20
30		Preference for borrowing from				
	054	Family	1-5	21	2	V54 21
	055	Friend	1-5	22	2	V55 22
	056	Commercial Bank	1-5	23	2	V56 23
	057	Other banks	1-5	24	2	V57 24
<i>Blank Space in Column 25</i>						
31	058	Hours spent on business daily		26-27	2	V58 26
32		Criteria for business success				
	059	High product/service quality	1-5	28	2	V59 28
	060	Sales growth	1-5	29	2	V60 29
	061	High R.O.C.E	1-5	30	2	V61 30
	062	Better standard of living afforded	1-5	31	2	V62 31
	063	By the mere survival of business	1-5	32	2	V63 32
	064	Wealth accumulation	1-5	33	2	V64 33
33	065	Is high education important for success 1 Strongly agree 2 Agree 3 Undecided 4 Disagree 5 Strongly disagree	1-5	34	2	V65 34
34	066	Giving of credit 1 Strongly agree 2 Agree 3 Undecided 4 Disagree 5 Strongly disagree	1-5	35	2	V66 35

QUES. NO.	VAR. NO.	VARIABLE NAME	CODE	COLUMN NO.	RECORD NO.	VAR./CODE
35	067	Business for status and image building 1 Strongly agree 2 Agree 3 Undecided 4 Disagree 5 Strongly disagree	1-5	36	2	V67 36
36	068	Bankruptcy means big shame and disgrace 1 Strongly agree 2 Agree 3 Undecided 4 Disagree 5 Strongly disagree	1-5	37	2	V68 37
37	069	Threat of failure as a motivation 1 Strongly agree 2 Agree 3 Undecided 4 Disagree 5 Strongly disagree	1-5	38	2	V69 38

APPENDIX 3

OBJECTIVES OF THE MALAY AND CHINESE CHAMBERS OF COMMERCE

OBJECTIVES OF THE MALAY CHAMBER OF COMMERCE

1. Mempertingkatkan profesyenalisa dikalangan eksekutif-eksekutif Melayu dalam syarikat-syarikat swasta termasuk syarikat-syarikat yang ditubuhkan oleh Kerajaan Sarawak atau Malaysia.

To improve and increase the standard of professionalism amongst Malay executives in private firms including firms which have been set up either by the Sarawak government or by the federal government.

2. Menyatupadukan eksekutif-eksekutif, peniaga-peniaga, pengusaha-pengusaha dan ahli-ahli iktisas Melayu untuk kepentingan atau faedah ekonomi orang Melayu.

To unite Malay executives, traders, and entrepreneurs for the the improvement of the economic position of the Malays.

3. Menubuhkan dan mewujudkan satu badan usahawan Melayu diperingkat negeri untuk kepentingan atau faedah orang-orang Melayu di lapangan perniagaan dan perusahaan

To set up and activate a body of Malay entrepreneurs at State level for the benefit of the Malays in the field of trade and commerce.

4. Memperjuangkan kepentingan ahli-ahli dari segi undang-undang atau langkah-langkah yang berkaitan dengan perdagangan perusahaan atau perniagaan.

To protect and achieve the interests of the members with regards to the law or other measures related to trade and commerce.

5. Menyelaraskan activiti-aktiviti ke semua ahli-ahli dan menyelaraskan seliseh faham yang timbul di antara ahli-ahli.

To streamline all activities for all members and alleviate all conflicts which may arise between members.

6. Menerbitkan majalah-majalah atau risalah-risalah yang berkaitan dengan perdagangan, perusahaan atau perniagaan.

To publish and distribute newsletters or pamphlets which are related to business activities, trade opportunities or entrepreneurship.

7. Membantu dan mewakili ahli-ahli dalam perbicangan berkenaan perdagangan, pembelian, jualan dan lain-lain samada didalam atau diluar negeri.

To assist and represent members in discussions involving trade, purchases, sales and other matters whether in the state or abroad.

8. Menubuh atau membantu pertubuhan-pertubuhan, perbadanan-perbadanan, persatuan-persatuan, tabung-tabung biasiswa amanah atau tabung-tabung lain untuk kebajikan.

To establish and assist associations, statutory bodies, societies, scholarship and trust foundations or other charities for welfare purposes.

9. Menubuh perhubungan atau bekerjasama dengan badan-badan atau persatuan-persatuan yang lain yang mempunyai tujuan-tujuan yang sama dengan Dewan.

To establish a relationship and cooperation with other bodies or associations which have similar objectives with the Chamber.

10. Membeli, menjual, menggadai, memajak, memiliki, menyewa, menukar hakmilik, menyerahkan, memaju dan membuat lain-lain urusan bersangkutan dengan tanah-tanah, saham-saham atau lain-lain harta.

To purchase, sell, mortgage, lease, own, rent, change ownership, hand-over, develop and make other provisions related to land, shares and other properties.

11. Membina diatas tanah kepunyaan Dewan, bangunan atau bangunan-bangunan untuk kegunaan Dewan.

To build on land owned by the Chamber, building or buildings for the use of the Chamber.

12. Memungut dan meminjam wang untuk kegunaan atau kepentingan Dewan atau syarat-syarat yang dipersetujui oleh Jawatankuasa Agung.

To collect or lend out monies for the use and benefit of the Chamber or other provisions as agreed to by the Supreme Committee of the Chamber.

13. Menubuh suatu yayasan pengurusan untuk mengadakan kemudahan pelajaran dan latihan pengurusan bagi orang-orang Melayu dalam bidang perniagaan dan perusahaan.

To establish a management base for undertaking educational and other mamagement training activities for the Malays in the field of business and management.

14. Menubuh dan mengendalikan syarikat-syarikat berhad samada mengikut saham atau jaminan kebenaran yang di beri oleh pihak berkuasa.

To establish and manage limited companies based on shareholding or as stipulated to by the authorities.

OBJECTIVES OF THE CHINESE CHAMBER OF COMMERCE

1. To cultivate friendly relationship amongst the Chinese organisations and traders in Kuching.
2. To advise and to improve trade and commerce.
3. To improve and develop information relating to trade and commerce to certify and to act as connoisseur.
4. To introduce and guide the carrying on of trade in the country and abroad.
5. To arbitrate in disputes arising out of commercial transactions.
6. To collect and compile commercial statistics.
7. To organise trade exhibitions and to deal with matters relating to education, social welfare scholarships and other matters.

APPENDIX FOUR

January 1989.

RESEARCH ON ENTREPRENEURSHIP IN SARAWAK

Dear Entrepreneur/Business Owner,

A survey is currently being undertaken on entrepreneurs and small business owners in Sarawak by the undersigned. This will involve the collection of data through interviews with at least two hundred entrepreneurs from all over the State and your assistance is sought in this respect.

Besides conforming to the requirements of the Ph.D Degree programme of The University of Stirling, Scotland, the survey is intended to specifically discover the characteristics of entrepreneurs in Sarawak and the various factors which contribute to their success or failure. It is hoped that the information gathered, once analysed, will be useful to government departments and semi-government corporations in the State in their efforts to help the small business sector.

Whilst a thesis will be produced as a result of this survey, the undersigned would like to stress that this will contain absolutely no information linked to individuals or their companies, and all information provided will be treated in strictest confidence. Your help would be greatly appreciated in completing this questionnaire, which has been designed to be as quick and simple as possible to complete.

Yours sincerely,

MORNI KAMBRIE,
Department of Business and Management,
The University of Stirling,
Scotland, FK9 4LA.

THE QUESTIONNAIRE BEGINS ON THE FOLLOWING PAGE

PLEASE CIRCLE ONE ANSWER (THE CLOSEST) ONLY FOR EACH QUESTION.

V1 1-3

THERE ARE NO RIGHT OR WRONG ANSWERS. THIS IS ONLY A SURVEY.

PLEASE ANSWER ALL QUESTIONS.

V2 4

YOUR RESPONSE TO SOME QUESTIONS MAY DICTATE THAT YOU SKIP THE FOLLOWING QUESTION. WHERE THIS OCCURS INDICATION WILL BE GIVEN ALONGSIDE THE RESPONSE. BLANK SPACE ON COL.5

Question Number	Variable	Computer Code/Column
--------------------	----------	-------------------------

DO NOT WRITE HERE

SECTION A: GENERAL BUSINESS/PERSONAL CHARACTERISTICS AND CONTRIBUTING FACTORS

1. Number of years you have run your own business.

V3 6-7

_____ Yrs.

- | | | |
|-------------------------|---|---------------|
| 2. Location of Business | 1 | Kuching |
| | 2 | Sri Aman |
| | 3 | Sarikei |
| | 4 | Sibu |
| | 5 | Kapit |
| | 6 | Bintulu |
| | 7 | Miri |
| | 8 | Limbang/Lawas |

V4 8

- | | | |
|---------------------|---|-------------------------------|
| 3. Business Sector: | 1 | Retail |
| | 2 | Wholesale |
| | 3 | Cottage production |
| | 4 | Handicraft |
| | 5 | Services |
| | 6 | Contracting |
| | 7 | Food and Beverages (Catering) |
| | 8 | Supplier (All Items) |

V5 9

4. What is your age at present ?

V6 10-11

_____ Yrs.

- | | | |
|----------------------------------|---|-----------------------|
| 5. What is your marital status ? | 1 | Married with children |
| | 2 | Married no children |
| | 3 | Single |
| | 4 | Divorced/Widowed |

V8 12

6. How many brothers and/or sisters are there in your family ?

- | | | | |
|---|-------|---|---------------|
| 1 | One | 2 | Two |
| 3 | Three | 4 | Four |
| 5 | Five | 6 | Six |
| 7 | Seven | 8 | Eight or more |

V9 13

7. What level of education did you achieve?
- | | | |
|---|--------------------------|-------|
| 1 | primary only | |
| 2 | up to secondary | V9 14 |
| 3 | up to college/University | □ |
| 4 | professional | □ |

8. How do you describe your family status when you were young ?(See below)
- | | | |
|---|---------------------------------|--------|
| 1 | High income group | V10 15 |
| 2 | Upper level Middle income group | □ |
| 3 | Lower level Middle income group | □ |
| 4 | Low Income group | □ |

High income means breadwinner income equivalent to Division 1 Super scale & above
 Upper-level Middle income means breadwinner income equivalent to Division 1 scale
 Lower-level Middle income means breadwinner income equivalent to Division 2 scale
 Low income breadwinner income equivalent to Clerical scale or lower

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9. What is (was) your fathers' principal work ?
- | | | |
|----|--|--------|
| 1. | labourer(Unskilled, semi-skilled or skilled) | V11 17 |
| 2. | Farmer (or fisherman) | □ |
| 3. | Clerk or Salesman | □ |
| 4. | Government Officer (or business executive level) | □ |
| 5. | Owner of small business | □ |
| 6. | As a professional (eg. architect, lawyers) | □ |
| 7. | Other | □ |

10. What languages/dialects do you speak ?
- | | | |
|---|------------------------------|--------|
| 1 | Malay or Chinese only | V12 18 |
| 2 | Chinese and Malay | □ |
| 3 | Chinese, Malay and one other | □ |
| 4 | More than three languages. | □ |

* Chinese refers to any of the Chinese dialects as well as Mandarin

11. Do you have any other family member involved in small business ?
- | | | |
|---|-------------------------|--------|
| 1 | No | V13 19 |
| 2 | Yes, (Immediate family) | □ |
| 3 | Yes, (Other relatives) | □ |

12. Where did you live as a child ?
- | | | |
|---|---------------------------------------|--------|
| 1 | Kampong (rural) | V14 20 |
| 2 | Small town (eg. Siburan) | □ |
| 3 | Large town (eg. Serian) | □ |
| 4 | City/Major town (eg. Sibu or Kuching) | □ |

13. What job did you do before venturing into business ?
- | | | |
|----|--|--------|
| 1. | labourer(Unskilled, semi-skilled or skilled) | V15 21 |
| 2. | Farmer (or fisherman) | □ |
| 3. | Clerk or Salesman | □ |
| 4. | Government Officer (or business executive level) | □ |
| 5. | Worked with another small business | □ |
| 6. | As a professional (eg. architect, lawyers) | □ |
| 7. | Other | □ |

14. How old were you when you first went into business?

_____ Yrs

V16 22-23
| |
| |
| |

15. Who among the following was the most influential person in encouraging you to go into business ?

- 1 Immediate family member
- 2 A friend (or friends)
- 3 Other relatives
- 4 No one

V17 24
| |
| |

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16. On a scale from 1 (most important) to 5 (not important at all) how would you rate the following as reasons in influencing you starting your own business instead of working for others ?

1	Inadequate education	1	2	3	4	5	V18	26
2	To create wealth	1	2	3	4	5	V19	27
3	Independence (No boss)	1	2	3	4	5	V20	28
4	Skill previously acquired	1	2	3	4	5	V21	29
5	Made redundant	1	2	3	4	5	V22	30
6	Government incentives	1	2	3	4	5	V23	31

17. How many other businesses do you have ?

- 1 I have interests in another one
- 2 I have interests in another two
- 3 I have interests in more than two other
- 4 This is the only one

V24 32
| |
| |

18. Legal status of present business.

- 1 Sole proprietorship
- 2 Partnership
- 3 Private Limited Company
- 4 Other (eg.cooperative owned business)

V25 33
| |
| |

19. On a scale from 1 (very important) to 5 (not important at all), how important do you think are the following factors in influencing the conduct of your business ?

1	Adequate capital	1	2	3	4	5	V26	34
2	Quality Products or Services	1	2	3	4	5	V27	35
3	Entrepreneurial Training	1	2	3	4	5	V28	36
4	Location of business	1	2	3	4	5	V29	37
5	High sales/income turnover	1	2	3	4	5	V30	38
6	Sound customer relationship	1	2	3	4	5	V31	39
7	Previous business experience	1	2	3	4	5	V32	40
8	Religion	1	2	3	4	5	V33	41

DO NOT WRITE HERE

20. What was the most pressing problem that you had on the start-up of your business ?

- 1 Lack of Capital
- 2 Lack of Self confidence
- 3 Lack of Customer confidence
- 4 Low business volume
- 5 Stiff competition
- 6 Others (eg. credit, pesonnel etc.)

V34 42

21. What was the most pressing problem that you had in the first two years ?

- 1 Lack of Capital
- 2 Lack of Self confidence
- 3 Lack of Customer confidence
- 4 Low business volume
- 5 Stiff competition
- 6 Others (eg. credit, personnel etc.)

V35 43

22. What is the most pressing problem that you now face ?

- 1 Lack of Capital
- 2 Lack of Self confidence
- 3 Lack of Customer confidence
- 4 Low business volume
- 5 Stiff competition
- 6 Others (eg. credit, personnel etc.)

V36 44

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23. On a scale from 1 (very important) to 5 (not important at all), how important do you think are the following factors in determining the choice of your present business location.

- | | | | | | |
|--|---|---|---|---|---|
| 1 Cheap rent | 1 | 2 | 3 | 4 | 5 |
| 2 Close to own residence | 1 | 2 | 3 | 4 | 5 |
| 3 Availability of facilities
(eg. port, raw materials etc.) | 1 | 2 | 3 | 4 | 5 |
| 4 Status (eg. new high rise
building) | 1 | 2 | 3 | 4 | 5 |
| 5 Authority determined
(eg. licence requirement) | 1 | 2 | 3 | 4 | 5 |

V37 46

V38 47

V39 48

V40 49

V41 50

24. On a scale from 1 (very important) to 5 (not important at all) how do you rate the following factors in determining the present choice of type of business ventured into.

- | | | | | | |
|------------------------------|---|---|---|---|---|
| 1 Amount of capital you had | 1 | 2 | 3 | 4 | 5 |
| 2 Inherited same line | 1 | 2 | 3 | 4 | 5 |
| 3 Government incentive | 1 | 2 | 3 | 4 | 5 |
| 4 Academic background | 1 | 2 | 3 | 4 | 5 |
| 5 Skill acquired previously | 1 | 2 | 3 | 4 | 5 |
| 6 Supplement family business | 1 | 2 | 3 | 4 | 5 |

V42 51

V43 52

V44 53

V45 54

V46 55

V47 56

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25. How many people were (are) employed by you :

When you started _____ people
 At present _____ people

V48 57

V49 58

DO NOT WRITE HERE

26. What was the initial capital utilized for start-up ?

M\$ _____

V50 16 - 15

27. Would you be willing to tell me your average annual profit margin ?
(percentage)

- 1 Yes
- 2 No

BLANK SPACE COL.16

V51 17

| |
| |
| |

28. If you answered yes to question 28, what is the actual (or estimated) annual profit margin your business takes in ?

_____ %

V52 18-19

29. What percentage of the initial investment was your own money ?

- 1 None
- 2 Up to 25%
- 3 Up to 50%
- 4 Up to 75%
- 5 Whole

V53 20

| |
| |
| |

30. On a scale from 1 (very important) to 5 (not important at all), how do you rate your preference for borrowing from the following sources as a source of additional capital for your business ?

1	Family	1	2	3	4	5
2	Friend	1	2	3	4	5
3	Commercial bank	1	2	3	4	5
4	Other banks	1	2	3	4	5

V54 21

V55 22

V56 23

V57 24

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31. On the average how many hours do you spend on the business daily?
Hours

V58 26-27

32. On a scale from 1 (very high) to 5 (very low), how do you judge the following criteria as indicating success in your business ?

1.	High product/service quality	1	2	3	4	5
2.	Growth in sales achieved	1	2	3	4	5
3.	High Return on Capital employed	1	2	3	4	5
4.	Better standard of living afforded by the business	1	2	3	4	5
5.	By the mere survival of the business	1	2	3	4	5
6.	Accumulation of wealth	1	2	3	4	5

V59 28

V60 29

V61 30

V62 31

V63 32

V64 33

V65 34

V66 35

SECTION B: GENERAL OPINION SURVEY

FOR THE FOLLOWING QUESTIONS, THE ANSWERS HAVE BEEN RANKED.
PLEASE INDICATE YOUR PREFERENCE AS TO THE CORRECT ANSWER
BY PUTTING A CIRCLE AROUND YOUR CHOICE.

DO NOT WRITE HERE

33. High education is very important for the success of an entrepreneur ?
(high education meaning at least College level)

V65 34
| |
| |

STRONGLY AGREE UNDECIDED STRONGLY DISAGREE
1 2 3 4 5
 AGREE DISAGREE

34. Giving credit is a must for the success of a small business.

V66 35
| |
| |

STRONGLY AGREE UNDECIDED STRONGLY DISAGREE
1 2 3 4 5
 AGREE DISAGREE

35. Business success is the only way for you to achieve a high status in
society at par or even higher than friends who are already
successful.

V67 36
| |
| |

STRONGLY AGREE UNDECIDED STRONGLY DISAGREE
1 2 3 4 5
 AGREE DISAGREE

36. Being declared a bankrupt means a big shame and something
considered as a disgrace to myself and my family.

V68 37
| |
| |

STRONGLY AGREE UNDECIDED STRONGLY DISAGREE
1 2 3 4 5
 AGREE DISAGREE

37. The threat of failure helps to make me work harder to make my business
successful.

V69 38
| |
| |

STRONGLY AGREE UNDECIDED STRONGLY DISAGREE
1 2 3 4 5
 AGREE DISAGREE

THANK YOU FOR YOUR TIME. I AM MOST GRATEFUL FOR THE INFORMATION AND COOPERATION RECEIVED.

Morni Bin Kambrie,
Department of Business and Mangement,
Stirling University, Scotland,
United Kingdom.

Tuan/Peniaga yang dimuliakan,

PER; PENYELIDIKAN/KAJIAN KEUSAHAWANAN SELURUH SARAWAK

Satu kajian sedang dijalankan keatas ciri-ciri keusahawanan yang terdapat diseluruh Sarawak. Tujuan utama kajian ini diadakan adalah untuk memenuhi syarat penyelidikan tesis untuk kursus Ph.D yang sekarang ini sedang dijalankan oleh penandatanganan di bawah di University of Stirling, Scotland. Seramai 367 orang peniaga dari seluruh Sarawak akan dikunjungi untuk mendapatkan kerjasama agar mereka boleh menolong mengisi borang kaji-selidik yang dikepilkan.

Sebelum tuan/peniaga merasa risau dan curiga akan kajian ini, sukacita diingat kan bahawa nama orang yang mengisi borang kaji/selidik ini tidak perlu ditulis. Oleh itu semua maklumat yang diberi adalah rahsia dan apa yang dimuatkan kedalam tesis nanti tidak akan menyebut nama siapa-siapa peniaga yang telah mengisi borang.

Segala kerjasama tuan/peniaga didalam menjaya kan penyelidikan ini sangat-sangat dihargai dan diucapkan terima kasih.

Yang benar,

MORNI BIN KAMBRIE

TANDAKAN DENGAN BULATAN KEPADA SATU JAWAPAN YANG PALING TEPAT PADA FIKIRAN ANDA

V1 1-2

INI HANYALAH SATU KAJIAN. TIADA JAWAPAN YANG BENAR-BENAR BETUL ATAU SALAH.

SILA JAWAB SEMUA SOALAN.

V2 3

SEKIRANYA ADA SOALAN YANG TIDAK TERJAWAB, TERUSEKAN KEPADA SOALAN YANG SBTERUSNYA.

(BUANG 5 KOSONG)

Nombor Soalan	Variable	Kod
		Komputa/Ruangan

KOSONGKAN

SEKSYEN A: CIRI-CIRI KEPERIBADIAN, PERNIAGAAN AN DAN FAKTOR PENGALAK

1. Berapa tahun kah anda sudah berniaga.

V3 6-7

_____ tahun

2. Kawasan utama perniagaan
- | | |
|---|---------------|
| 1 | Kuching |
| 2 | Sri Aman |
| 3 | Sarikei |
| 4 | Sibu |
| 5 | Kapit |
| 6 | Bintulu |
| 7 | Miri |
| 8 | Limbang/Lawas |

V4 8

3. Sektor penglibatan
- | | |
|---|-----------------------------------|
| 1 | Runcit |
| 2 | Borong |
| 3 | Perusahaan Kampung |
| 4 | Kraftangan |
| 5 | Perkhidmatan am |
| 6 | Pemborong |
| 7 | Penyediaan Makanan (Catering) |
| 8 | Pembekal (Apa-apa jenis barangan) |

V5 9

4. Berapakah umur anda sekarang?

V6 10-11

_____ Tahun

5. Taraf perkahwinan?
- | | |
|---|--------------------------|
| 1 | Berkahwin mempunyai anak |
| 2 | Berkahwin belum ada anak |
| 3 | Bujang |
| 4 | Bercerai/Balu |

V7 12

6. Berapa orang adik-beradik yang ada dalam keluarga anda?

- | | | | |
|---|-------|---|------------------|
| 1 | Satu | 2 | Dua |
| 3 | Tiga | 4 | Empat |
| 5 | Lima | 6 | Enam |
| 7 | Tujuh | 8 | Lapan atau lebih |

V8 13

7. Sampai peringkat mana kah persekolahan anda?

- 1 Sekolah rendah sahaja
- 2 Sehingga sekolah menengah
- 3 Sehingga Kolej/Universiti
- 4 Profesyenal

V9 14

8. Dalam golongan status manakah keluarga semasa anda kecil ? (Sila lihat dibawah)

- 1 Golongan pendapatan tinggi
- 2 Peringkat atas pendapatan menengah
- 3 Peringkat bawah pendapatan menengah
- 4 Golongan pendapatan rendah

V10 15

Pendapatan tinggi bermakna gaji ketua rumah Division 1 Super scale keatas

Peringkat atas pendapatan menengah bermakna gaji ketua rumah Division 1 atau setaraf

Peringkat bawah pendapatan menengah bermakna gaji ketua rumah Division 2 atau setaraf

Pendapatan rendah bermakna gaji ketua rumah peringkat kerani kebawah

BUANG 16 KOSONG

9. Apakah kerja bapa anda yang utama?

1. Buroh (Terlatih atau tidak)
2. Petani (atau nelayan)
3. Kerani atau Salesman
4. Pegawai kerajaan (atau peringkat eksekutif)
5. Peniaga (atau pemilik perniagaan)
6. Profesyenal (eg. arkitek, peguam, dsb.)
7. Lain-lain

V11 17

10. Berapa kah bahasa yang anda boleh bertutur?

- 1 Satu sahaja
- 2 Dua bahasa
- 3 Tiga bahasa
- 4 Lebih dari tiga bahasa.

V12 18

11. Adakah ahli keluarga anda yang lain terlibat dalam perniagaan ?

- 1 Tidak ada
- 2 Ya, (Keluarga kandung)
- 3 Ya, (Sanak saudara lain)

V13 19

12. Dimana kah anda tinggal semasa kecil?

- 1 Kampong (luar bandar)
- 2 Pekan kecil (eg. Siburan)
- 3 Pekan besar (eg. Serian)
- 4 Kota/Bandar Utama (eg. Sibu atau Kuching)

V14 20

13. Apakah kerja anda sebelum menceburi bidang perniagaan?

1. Buroh (Terlatih atau tidak terlatih)
2. Petani (atau nelayan)
3. Kerani atau Salesman
4. Pegawai kerajaan (atau peringkat eksekutif)
5. Bekerja dengan sebuah perniagaan lain
6. Profesyenal (eg. arkitek, peguam dll.)
7. Lain-lain

V15 21

14. Berapakah umur anda semasa mula menceburi bidang perniagaan?

_____ Tahun

KOSONG

V16 22-23

15. Siapakah diantara orang-orang berikut yang paling banyak mempengaruhi anda menceburi bidang perniagaan?

- 1 Keluarga kandung
- 2 Kawan-kawan (rakan)
- 3 Saudara lain
- 4 Tidak ada sesiapa

V17 24

BUANG 25 KOSONG

16. Dari Skala 1 (paling penting) hingga 5 (tak penting sama sekali) bagaimanakah anda mentafsirkan faktor-faktor berikut sebagai mempengaruhi anda supaya berniaga dan tidak makan gaji dengan orang lain

1	Kurang pelajaran	1	2	3	4	5	V18	26
2	Hendak mengumpul harta	1	2	3	4	5	V19	27
3	Kebebasan (Tak ada boss)	1	2	3	4	5	V20	28
4	Kemahiran sebelumnya	1	2	3	4	5	V21	29
5	Kena buang kerja	1	2	3	4	5	V22	30
6	Galakan kerajaan	1	2	3	4	5	V23	31

17. Berapakah jumlah buah perniagaan yang anda miliki?

1. Mempunyai kepentingan dalam satu yang lain
2. Mempunyai kepentingan dalam dua yang lain
3. Mempunyai kepentingan dalam tiga atau lebih yang lain
4. Ini adalah satu-satu nya perniagaan saya

V24 32

18. Taraf perniagaan utama.

- 1 Persaorangan
- 2 Perkongsian
- 3 Syarikat Sendirian Berhad
- 4 Lain (eg.Koperatif dsb.)

V25 33

19. Dari skala 1 (sungguh penting) hingga 5 (tak penting sama sekali), bagaimanakah pendapat anda tentang pengaruh faktor-faktor dibawah keatas "survival" perniagaan anda?

1	Modal yang mencukupi	1	2	3	4	5	V26	34
2	Barangan atau Servis bermutu	1	2	3	4	5	V27	35
3	Latihan Keusahawanan	1	2	3	4	5	V28	36
4	Lokasi perniagaan	1	2	3	4	5	V29	37
5	Pendapatan/jualan yang tinggi	1	2	3	4	5	V30	38
6	Hubungan baik dengan pelanggan	1	2	3	4	5	V31	39
7	Pengalaman berniaga sebelumnya	1	2	3	4	5	V32	40
8	Pengaruh ugama	1	2	3	4	5	V33	41

20. Apakah masalah utama sebaik saja perniagaan anda bermula?

- 1 Kekurangan modal
- 2 Kurang kepercayaan diri sendiri
- 3 Kurang kepercayaan pelanggan
- 4 "Low business volume"
- 5 Saingan yang terlalu hebat
- 6 Lain-lain (eg. kredit, kakitangan dll.)

V34 42

21. Apakah masalah utama setelah berniaga selama sekurang-kurangnya dua tahun ?

- 1 Kekurangan modal
- 2 Kurang kepercayaan diri sendiri
- 3 Kurang kepercayaan pelanggan
- 4 "Low business volume"
- 5 Saingan yang terlalu hebat
- 6 Lain-lain (eg. Kredit, kakitangan dll.)

V35 43

22. Apakah masalah utama yang anda hadapi sekarang ?

- 1 Kekurangan modal
- 2 Kurang kepercayaan diri sendiri
- 3 Kurang kepercayaan pelanggan
- 4 "Low business volume"
- 5 Saingan yang terlalu hebat
- 6 Lain-lain (eg. kredit, kakitangan dll.)

V36 44

RUANG 45 KOSONG

23. Dari skala 1 (sungguh penting) hingga 5 (tidak penting sama sekali), nyatakan pendapat anda tentang faktor-faktor dibawah didalam mempengaruhi lokasi perniagaan anda sekarang.

- | | | | | | | | | |
|---|---|---|---|---|---|---|-----|-----|
| 1 | Sewa murah | 1 | 2 | 3 | 4 | 5 | V37 | 146 |
| 2 | Dekat dengan rumah sendiri | 1 | 2 | 3 | 4 | 5 | V38 | 147 |
| 3 | Fasilitas yang mencukupi
(eg. dekat pejabat kerajaan dll.) | 1 | 2 | 3 | 4 | 5 | V39 | 148 |
| 4 | Status (eg. dalam kompleks
beli-belah yang baru) | 1 | 2 | 3 | 4 | 5 | V40 | 149 |
| 5 | Ditentu oleh pihak lain
(eg. ruang-niaga SBDC dll.) | 1 | 2 | 3 | 4 | 5 | V41 | 150 |

24. Dari skala 1 (sungguh penting) hingga 5 (tidak penting sama sekali) nyatakan pendapat anda tentang faktor-faktor dibawah didalam mempengaruhi pemilihan sektor perniagaan yang diceburi.

- | | | | | | | | | |
|---|---|---|---|---|---|---|-----|-----|
| 1 | Jumlah modal yang anda ada | 1 | 2 | 3 | 4 | 5 | V42 | 151 |
| 2 | Turun temurun dalam keluarga | 1 | 2 | 3 | 4 | 5 | V43 | 152 |
| 3 | Insentif kerajaan | 1 | 2 | 3 | 4 | 5 | V44 | 153 |
| 4 | Pencapaian akademik | 1 | 2 | 3 | 4 | 5 | V45 | 154 |
| 5 | Kemahiran sebelumnya | 1 | 2 | 3 | 4 | 5 | V46 | 155 |
| 6 | Menampung perniagaan keluarga
yang sedia ada | 1 | 2 | 3 | 4 | 5 | V47 | 156 |

RUANG 1-5 KOSONG

25. Berapa ramaiakah pekerja anda

Bila mula berniaga _____ orang
Sekarang _____ orang

V48 _____ 156

V49 _____ 157

26. Berapakah modal yang dilabur waktu mula berniaga dulu?

M\$ _____

V50 10 - 15

BUANG 16 KOSONG

27. Sudikah anda memberitahu peratus keuntungan tahunan perniagaan anda?

- 1 Ya
- 2 Tidak

V51 17

28. Kalau anda menjawab Ya kepada soalan 27, berapakah peratus keuntungan (sebenar atau jangkaan) perniagaan anda?

_____ %

V52 18-19

29. Berapa peratus kah wang sendiri yang dipakai untuk permulaan perniagaan?

- 1 Tidak ada wang sendiri
- 2 Sehingga 25 %
- 3 Sehingga 50 %
- 4 Sehingga 75 %
- 5 Kesemuanya wang sendiri

V53 20

30. Dari skala 1 (paling penting) hingga 5 (tidak penting sama sekali), bagaimanakah sikap anda terhadap meminjam dari sumber-sumber dibawah untuk modal tambahan perniagaan?

1	Keluarga sendiri	1	2	3	4	5
2	Kawan (rakan)	1	2	3	4	5
3	Bank Perdagangan	1	2	3	4	5
4	Bank-bank lain	1	2	3	4	5

V54 1 21

V55 1 22

V56 1 23

V57 1 24

BLANK SPACE COL.25

31. Pada keseluruhannya, berapa jam kah yang anda gunakan untuk perniagaan dalam sehari ?

_____ Jam

V58 26-27

32. Dari skala 1 (paling tinggi) hingga 5 (paling rendah) bagaimana pendapat anda terhadap ciri-ciri dibawah sebagai menunjukkan kejayaan perniagaan anda?

1.	Barangan/Servis bermutu	1	2	3	4	5
2.	Jualan/pendapatan yang tinggi	1	2	3	4	5
3.	"High Return on Capital employed"	1	2	3	4	5
4.	Kemewahan status hasil dari keuntungan perniagaan	1	2	3	4	5
5.	"Survival of the business"	1	2	3	4	5
6.	Harta semakin banyak	1	2	3	4	5

V59 1 28

V60 1 29

V61 1 30

V62 1 31

V63 1 32

V64 1 33

在每个问题下面，圈一个答案（选择意思最接近的）。

答案没有正确和错误的区别。这只是一次调查。

请回答所有的问题。

有些问题的答案可能让您跳过下一个问题，这种情况会在答案的旁边加以说明。

第五栏空格

问题
编号

选择答案

计算机

代码/栏目

不要在这一栏里写字

第一部分：企业/个人的一般情况及其起作用的因素

1. 您经营自己的企业有多少年？

_____年。

V3 6-7

2. 企业的位置

1. Kuching
2. Sri Aman
3. Sarikei
4. Sibul
5. Kapit
6. Bintulu
7. Miri
8. Limbang/Lawas

V4 8

3. 企业部门

1. 零售
2. 批发
3. 家庭生产
4. 手工艺
5. 维修
6. 承包
7. 食品和饮料(饮食业)
8. 原料供应(所有项目)

V5 9

4. 您的现今年龄：

_____岁。

V6 10-11

5. 您的婚姻状况

1. 已婚有子女
2. 已婚无子女
3. 未婚
4. 离婚/丧偶

V7 12

6. 您有几个兄弟姐妹？

- | | |
|-------|------------|
| 1. 一个 | 2. 两个 |
| 3. 二个 | 4. 四个 |
| 5. 五个 | 6. 六个 |
| 7. 七个 | 8. 八个或八个以上 |

V8 13

7. 您的教育程度

1. 小学
2. 中学
3. 大专/大学
4. 专业人员

8. 您小时候您的家庭经济地位

1. 高水平
2. 中上水平
3. 中下水平
4. 低水平

高水平指家庭经济收入相当于特级1级或以上
 中上水平指家庭经济收入相当于1级
 中下水平指家庭经济收入相当于2级
 低水平指家庭经济收入相当于职员级或以下

9. 您父亲的主要工作(曾经)是什么?

1. 工人(非技术性的, 半技术性的或技术性的)
2. 农民(或渔民)
3. 职员或售货员
4. 政府官员(或企业管理人员)
5. 小企业主
6. 专业人员(例如: 建筑师, 律师)
7. 其他

10. 您说哪种语言/方言

1. 马来语或华语
2. 华语和马来语
3. 华语, 马来语及另一种
4. 三种以上语言

* 华语指普通话及中国的任何方言

11. 您家还有其他成员经营小企业吗?

1. 没有
2. 有(直系亲属)
3. 有(其他亲戚)

12. 您童年时住在哪里?

1. 村庄(农村)
2. 小镇(例如: Suburban)
3. 大镇(例如: Serian)
4. 城市/大城镇(例如: Sibu 或 Kuching)

13. 您在经营企业之前的工作

1. 工人(非技术性的, 半技术性的或技术性的)
2. 农民(或渔民)
3. 职员或售货员
4. 政府官员(或企业管理人员)
5. 在另一家小企业工作
6. 专业人员(例如: 建筑师, 律师)
7. 其他

不要在这一栏里写字

V9 14

V10 15

第十六栏空格

V11 17

V12 18

V13 19

V14 20

V15 21

不要在这一栏里写字

14. 您第一次经营企业时有多大年龄?

—— 岁,

V16 22-23

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V17 24

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第25栏空格

15. 在鼓励您参加企业经营时, 谁对您的影响最大?

1. 直系亲属
2. 一个朋友(或朋友们)
3. 其他亲戚
4. 没有人

16. 从第级1(最重要)到5(一点也不重要), 您认为在您开始经营自己的企业而不是为其他企业工作时, 下列因素的重要性如何?

1. 教育程度低	1	2	3	4	5
2. 创造财富	1	2	3	4	5
3. 独立自主(不要老板)	1	2	3	4	5
4. 以前掌握的技术	1	2	3	4	5
5. 闲置人员	1	2	3	4	5
6. 政府鼓励	1	2	3	4	5

V18		26
V19		27
V20		28
V21		29
V22		30
V23		31
V24		32
V25		33
V26		34
V27		35
V28		36
V29		37
V30		38
V31		39
V32		40
V33		41

17. 您还有多少其他企业?

1. 我对另一种企业感兴趣
2. 我对另外两种企业感兴趣
3. 我对其他两种以上的企业感兴趣
4. 这是我唯一的企

18. 您现有企业的法律地位

1. 唯一的所有权
2. 合股
3. 私人有限公司
4. 其他(例如: 合伙企业所有制企业)

19. 从等级1(最重要)到5(一点也不重要), 您认为在决定企业生存方面, 下列因素的重要性如何?

1. 足够的资金	1	2	3	4	5
2. 高质量的产品和服务	1	2	3	4	5
3. 企业家的培训	1	2	3	4	5
4. 企业的位置	1	2	3	4	5
5. 高销售/收入流通	1	2	3	4	5
6. 牢固的顾客关系	1	2	3	4	5
7. 以前经营企业的经验	1	2	3	4	5
8. 宗教倾向	1	2	3	4	5

20. 您在开始经营企业时, 最主要的问题是什么?

不要在这一栏写字

1. 缺少资金
2. 缺乏自信心
3. 缺乏顾客信心
4. 经营额小
5. 激烈的竞争
6. 其他(例如: 信誉, 人事等)

V34 42

V35 43

V36 44

21. 最初两年您的主要问题是什么?

1. 缺少资金
2. 缺乏自信心
3. 缺乏顾客信心
4. 经营额小
5. 激烈的竞争
6. 其他(例如: 信誉, 人事等)

22. 您现在面临的主要问题是什么?

1. 缺少资金
2. 缺乏自信心
3. 缺乏顾客信心
4. 经营额小
5. 激烈的竞争
6. 其他(例如: 信誉, 人事等)

第45栏空格

23. 从等级1(最重要)到5(一点也不重要), 您认为在您选择目前的经营地址时, 下列因素的重要性如何?

1. 租金便宜	1	2	3	4	5
2. 靠近住址	1	2	3	4	5
3. 条件方便 (例如: 港口, 原材料等)	1	2	3	4	5
4. 显示地位高的标记 (例如: 新建的高层建筑)	1	2	3	4	5
5. 政府决定 (例如: 许可要求)	1	2	3	4	5

V37 46

V38 47

V39 48

V40 59

V41 50

V42 51

V43 52

V44 53

V45 54

V46 55

V47 56

24. 从等级1(最重要)到5(一点也不重要), 您认为在您选择目前的企业类型时, 下列因素的重要性如何?

1. 您持有的资金数额	1	2	3	4	5
2. 继承父业	1	2	3	4	5
3. 政府鼓励	1	2	3	4	5
4. 学术背景	1	2	3	4	5
5. 以前掌握的技术	1	2	3	4	5
6. 补充家庭经营	1	2	3	4	5

第45栏空格

25. 您曾雇用(现在雇用)多少人?

开始经营时 _____ 人

目前 _____ 人

V48 6

V49 8

26. 您最初用来创业的资金有多少?

M\$ _____

27. 您愿不愿意告诉我您每年的平均利润(百分比)

1. 愿意
2. 不愿意

28. 如果您回答第27题时是“愿意”，那么您每年的实际(或估计)利润是多少?

_____ %

29. 在最初的投资额中，您自己的钱占多少百分比?

1. 零
2. 占百分之二十五
3. 占百分之五十
4. 占百分之七十五
5. 全部是自己的钱

30. 从等级1(最重要)到5(一点也不重要)，您认为在向以下单位借款作为经营资金补充的来源，其重要性如何?

1. 家庭	1	2	3	4	5
2. 朋友	1	2	3	4	5
3. 商业性银行	1	2	3	4	5
4. 其他银行	1	2	3	4	5

31. 您平均每天花多少时间搞经营

_____ 小时

32. 从等级1(很高)到5(很低)，您怎样判断以下表明企业成功的标准

1. 产品/服务高质量	1	2	3	4	5
2. 达到的销售增长额	1	2	3	4	5
3. 资金周转率高	1	2	3	4	5
4. 企业提供较高的生活水平	1	2	3	4	5
5. 仅仅看企业的生存	1	2	3	4	5
6. 财富的积累	1	2	3	4	5

不写在这一栏里

V50 10 - 15

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第14栏空格

V51 17

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V52 18-19

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V53 20

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V54

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 21

V55

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 22

V56

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 23

V57

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 24

第25栏空格

V58 26-27

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V59

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 28

V60

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 29

V61

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 30

V62

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 31

V63

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 32

V64

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 33

第二部分：一般观点调查

以下问题的答案是排列好的，请选择您认为是正确的答案，用笔圈起来。

不要在这一栏写名字

33 文化程度高对于一个企业的成功是非常重要的(文化程度高在这里指至少是大专水平)。

- 1. 非常赞同
- 2. 同意
- 3. 不清楚
- 4. 不同意
- 5. 非常不赞同

V65 34

34. 信任是小企业成功所不能缺少的。

- 1. 非常赞同
- 2. 同意
- 3. 不清楚
- 4. 不同意
- 5. 非常不赞同

V66 35

35. 企业成功是唯一的道路使您的社会地位上升到与您那些已经成功的朋友平行或者甚至超过他们。

- 1. 非常赞同
- 2. 同意
- 3. 不清楚
- 4. 不同意
- 5. 非常不赞同

V67 36

36. 破产对于我个人及家庭意味着一种很大的耻辱和丢脸。

- 1. 非常赞同
- 2. 同意
- 3. 不清楚
- 4. 不同意
- 5. 非常不赞同

V68 37

37. 失败威胁有助于我为取得成功而更努力地工作。

- 1. 非常赞同
- 2. 同意
- 3. 不清楚
- 4. 不同意
- 5. 非常不赞同

V69 38

谢谢您花了时间回答以上问题，对于您所提供的信息和合作，我向您表示衷心的感谢。

THE MALAYSIAN ENTREPRENEURIAL DEVELOPMENT CENTRE (MEDEC)

The Malaysian Entrepreneurial Development Centre (MEDEC) is based within the MARA Institute of Technology. It was established in 1975 as provided for in the Second Malaysia Plan¹. The objectives of MEDEC are:

1. To create and develop highly motivated, knowledgeable and efficient *bumiputra* entrepreneurs who are actively involved in medium and small businesses.
2. To develop and upgrade a detailed and sound support and assistance system for guiding *bumiputra* entrepreneurs in their business activities thereby helping them to achieve responsibility and their personal goals.

To achieve the above objectives, MEDEC has, over the years, provided *bumiputra* entrepreneurs with opportunities and facilities for their entrepreneurial training and development. MEDEC also conducts research research, mostly multi-disciplinary ones, as well as provide facilities for the dissemination of information to the entrepreneurs who would need the information. MEDEC also conduct follow-up survey on the entrepreneurs who have undergone training with them.

The bulk of MEDEC's entrepreneurial training programmes over the years is reflected in the following:

¹Second Malaysia Plan: "A Centre for Entrepreneurial Development will be established, as a constituent part of ITM, to provide education and training opportunities and to undertake research in entrepreneurial development", Second Malaysia Plan (1971-1975), p.393, Kuala Lumpur, 1971.

a. Entrepreneurial Development Programme (EDP)

EDP courses can either be taken part-time or full-time. The part-time programme is held twice a week over a period of three months. The full-time programme is also held twice a year. The courses are designed mainly for entrepreneurs who are already running their own businesses but new entrants are also selected and invited to participate.

The programmes are advertised in the national newspapers and strict selection is made on the applicants. Interviews are held to select only 25 of the applicants.

Topics covered include "roadmapping" (a guide to starting a business), project or sector selection, market surveys, motivational courses, production management, accounting, costing, finance and marketing as well as office management and even the more relevant aspects including loan procurement and credit control.

b. Kembara Usahawan (KEMUSA)

KEMUSA is designed especially for students from ITM who have graduated from their Diploma courses with the intention of venturing into business. The main objective of KEMUSA is to highlight to the students the rigours of business activities, which they will face when they eventually set up their own businesses.

c. Business Development Programme (BDP)

The main objective of BDPs is to assist entrepreneurs who already run their own business to solve daily business problems, including finding alternatives and solutions for the progress of their businesses.

Apart from providing courses, MEDEC also provide consultancy services to the entrepreneurs on the day-to-day management of their business with a view to further expansion. These include market analysis and techniques of negotiation with the private as well as public sectors. At the end of the day, these services aim at increasing profitability.

THE BORNEO POST 15 December 1989



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'NEP has widened gap of disunity'

25-11-89

THE implementation of the New Economic Policy, which expires in 1990, has been the bone of contention that has bred mistrust, jealousy and insecurity feeling among certain sections of the Malaysian society, it was stated.

It has also been a major cause of the widening gap of disunity among these sections, according to a government backbencher, Song Swee Guan.

The assemblyman for Padungan felt that the way the NEP has been implemented must have gone wrong that has led to the many voices of opposition.

He suggested that prejudice and bias in its implementation might have caused the discontention among certain sections of the society.

Mr Song said the ideals of the NEP to eradicate poverty irrespective of race and to restructure Malaysian society to correct economic imbalance so as to reduce and eventually eliminate the identification of race with economic function still remain laudable.

He said it was stated in the NEP

which also aims to achieve national unity, that the government will ensure that no particular group will experience any loss or feel any sense of deprivation in its implementation.

Noting that mixed views for and against the extension of the NEP after 1990 has been expressed by va-

rious quarters, Mr Song said it is vital for the government to seriously look into the elimination of all factors which are hurtful and posed as obstacles towards the realisation of the prime objectives of the policy.

"I feel that the position of the NEP after 1990 must need be scrutinized in its minutest details, that whatever may be the outcome, it may be for the furtherance of our good, in fairness and with justice to all," he said.

Touching on the application for passport by a minor which should be certified by the father of the applicant in the form and not the mother, Mr Song said he sees no reason for the prohibition of a mother to sign the form in the absence of the father.

He said to insist that the form must be signed by the father would amount to imposing unnecessary inconveniences on the party concerned as a difficult situation may arise where the father may be away from the country, for instance.

As such, he suggested that this matter be taken up with the relevant authority so that mothers could also be authorised to apply for the passports of their minors.

1.1.1980 Post

Mara to give loans to non-Bumis

ALOR SETAR, Sun.— Mara will, for the first time, give out loans to joint-ventures between Bumiputera and non-Bumiputera from tomorrow, Deputy National and Rural Development Minister Datuk Tajol Rosli Ghazali said today.

The maximum amount which they could apply would be \$250,000 and joint-ventures, eligible for the loans, must be involving industries of which Bumiputeras had no expertise.

He told this to reporters after presenting prizes to winners of the state-level competition for best kampung at Kampung Seberang Melele, Kubang Pasu District, 30km from here.

“For example, if there is a joint venture between Bumiputera

and non-Bumiputera in production of plastics, we can consider them for the loan,” he said.

He said this would be the first time for Mara to give out loans to non-Bumiputera since its was set up years ago.

Datuk Tajol Rosli also said the ministry would increase assistance to kampung industry operators from next year from the present maximum of between \$1,000 and \$2,000 to \$20,000 to between \$25,000 and \$50,000.

He said another 500 kampungs would be included under the new direction of development programme next year, bringing the number to 538.

Kampung Seberang Melele was adjudged the best kampung in the competition. —Bernama.

Dr. M: Govt to be more strict

— in changing Bumiputeras 'disappointing attitudes'

KUALA LUMPUR, Thurs.— Datuk Seri Dr Mahathir Mahamad said today the government will be more strict in supervising bumiputeras to get them to change what he describes as their "disappointing attitudes."

The Prime Minister said the emphasis now would be on turning out good bumiputera managers — the sort who could succeed on their own without having to depend on government "crutches."

In a year-end interview with senior editors of the local media, Datuk Seri Dr Mahathir also spoke of a different concept of "Ali Baba" business under which "Ali" would be a working and not a sleeping partner.

The Prime Minister, dealing at length with the successes and shortcomings of the New Economic Policy (NEP), said he was disappointed with the attitudes of bumiputeras who saw the NEP not as a means of acquiring skills but as a way of getting rich quick.

He said these people were quite willing to sell their rights under the NEP to get immediate gains.

"Selling their names, licences... they think this is what the NEP wants them to do," he said, adding that they were also non-bumiputeras who were only too willing to just pay off the bumiputeras so that they did not get involved in the actual work.

Datuk Seri Dr Mahathir said that by giving away the management and getting some money for turning over licences, the bumiputeras deprived themselves of the opportunity of learning how to manage and acquiring good work ethics.

As a result, they could not succeed if left on their own.

However, he admitted that the blame should also go to the government for being tolerant.

Datuk Seri Dr Mahathir said the stress now should be on turning out good bumiputera managers — people who were actually in-

involved in the work.

He said the government encouraged joint ventures between bumiputeras and non-bumiputeras, the so-called Ali-Baba business.

"But we want Ali to work and if there is no evidence of Ali working, then we will give the licence to the Baba.

"If he (Ali) wants the licence for himself, he must work and show evidence of working... he must negotiate, he must put up capital, and if he has no capital, then he should put up the capital from whatever profit he makes," Datuk Seri Dr Mahathir said.

"Ali" must also be prepared not to make money initially and to suffer first.

"We are slowly coming around to this and this is why we have started universities that are concerned exclusively with management," Datuk Seri Dr Mahathir said.

He said that bumiputeras, having no management skills, should have learned from experience but since they had not, they would have to be taught.

Datuk Seri Dr Mahathir said the government was prepared to take unpopular measures to fulfil its responsibility.

"For how long will we be needed to support them (bumiputeras) the way we are supporting them now?" he said.

The Prime Minister said that taking into account the country's growth rate, the NEP had done extremely well.

The rate of growth for bumiputeras, from one percent to 19 or 20 percent in 20 years, represented a rate of 2000 percent over a period of 20 years or 100 percent a year.

"In that sense it is a success," he said.

"(But) there are other aspects of the NEP which, because they are not too controversial, we never talk about.

"For example, we have been able to reduce poverty and that is also a great success."

— Bernama.

NECC withdrawals will result in report lacking consensus

Post: 28.12.89

— DR MAHATHIR

KUALA LUMPUR, Wed.— The Prime Minister said today the withdrawal of some members from the National Economic Consultative Council (NECC) will result in views and a report which lacked consensus.

"With the formation of the NECC, we had hoped all members can discuss and achieve consensus but with these withdrawals, the NECC as a "consensus" body is not a success even if it manages to formulate an economic policy for after 1990," he told Senator Dahalan Embun at the Dewan Negara.

Datuk Seri Dr Mahathir Mohamad told Senator Azman Atar Othman that the withdrawal by some members of NECC clearly showed they gave greater priority to their political interest to gain support for the upcoming general election.

He said the people were aware that the withdrawal of certain people clearly showed they did not place priority on unity and the country's economic development.

Senator Azman Atar had asked if these NECC members were out to show that they were not involved in the formulation of the post-New Eco-

nomie Policy and that they would turn it into a political issue in the coming general election.

Replying to Senator Sivalingam Arumugam Karupiah, Datuk Seri Dr Mahathir said there was no plans to segregate the Indian community from the other non-Bumiputera groups in the economic policy.

He said if such a segregation was made, it would be necessary to 'segregate' other communities as well, making re-structuring of society difficult.

He told Senator V.K.Sellapan that the government had not decided if the Council's final report would be discussed in Parliament or made public through the mass media.

"The government will consider all views and proposals submitted by the NECC before the new policy for after 1990 is announced," he said.

The final report would be submitted to the government after the NECC was satisfied with it, he said.

The Prime Minister said based on reports the NECC had reached an encouraging level of progress by having held 12 plenary sessions, adding that the 13th plenary session was

scheduled for Jan 17, 18 and 19 next year.

He said all five committees in the NECC had submitted their reports to the plenary sessions. They included the committee to study the performance of the implementation of the policy to eradicate poverty and the committee to study the implementation of the policy to re-structure society.

Discussions on the reports of the committees had been completed except that from the Committee on De-

velopment of Human Resources, which would continued to be discussed in the next plenary session.

He said the National Unity Committee set up to study the effects of the implementation of the New Economic Policy had completed its report and this would be tabled for discussion at the coming plenary session.

The NECC is also expected to begin discussing the Council's full report after the next plenary session, he added. —Bernama

THE BORNEO POST 28 December 1989

Borneo Post - Oct 13 89

Abim: Premature to abolish NEP quota

PETALING JAYA, Tues. Abim, the Malaysian Muslim Youth Movement, today described as "illogical" the MCA president's call that the quota system in the National Economic Policy (NEP) be gradually done away with after 1990.

Its secretary-general, Haji Mohamed Anuar Tahir, said the system must be maintained to safeguard Bumiputera economic and political interests.

It would be premature to abol-

ish the system even on expiry of the NEP period and frustrate the Bumiputeras, he told a press conference here called to announce the four-day 18th Annual Abim Conference beginning Monday.

Haji Anuar said Bumiputera participation in various fields, especially economic, have yet to meet the NEP objectives and as such the quota system must be maintained.

MCA president Datuk Seri Dr

Ling Liong Sik had told a party economic seminar on Sunday that all quota systems must be abolished gradually to create competition among all the races.

On the conference, Haji Anuar said he expected contests for all top posts in the movement including the presidency, for the 1989-1991 term.

However, no nominations had been received so far, he said.

-Bernama

THE BORNEO POST 13 October 1989

31.10.88

'Give 50 pc quota to Bumis'

KUALA LUMPUR, Sun.- The quota for Bumiputera participation in all economic sectors under the policy to be formulated after the New Economic Policy (NEP) should be based on the percentage of Bumiputeras in the country, a delegate to the Umno General Assembly here said today.

Encik Ishak Ismail of Negeri Sembilan said Bumiputeras formed 50 per cent of the population and the quota should be such.

Actually the NEP should be continued, but with the population of the Bumiputeras taken into account, he said when discussing the resolution on economic development yesterday by Wan Yusoff. The resolution was later passed.

He said it was not impossible for the suggestion to be accepted by the government, what more since "there does not exist a race which has political power, but which does not strive to bring benefits to its own race."

He also spoke on the maximum amount of investment allowed in the Amanah Saham Nasional (ASN), which he said was too low and felt there should be no limit

to it.

His speech was punctuated with cynicism and jokes. He brought up the matter regarding action that should be taken against Datuk Musa, whom he said, had tried to sabotage the country's economy with his recent negative statement in Hong Kong.

The Prime Minister Datuk Seri Dr Mahathir Mohamad was too liberal, he said and before continuing, remarked, "If I were to be the Prime Minister..." bringing laughter especially when he turned towards Datuk Seri Dr Mahathir who was seated together with members of Umno's Supreme Council.

On the recent Umno campaign in the Johor Baharu parliamentary by-election and the Parit Raja by-election he said much emphasis was laid on developing Johor Baharu than Parit Raja.

"Our fans are in Parit and not in Johor Baharu," he said.

He also related his travelling experience during the campaign at Parit Raja and said "my car was in a terrible state."

The resolution among others called on the government to continue developing rural areas.- Bernama

THE BORNEO POST

31 October 1989

The Borneo Post says ...

Chinese weaknesses

TUESDAY, DECEMBER 6, 1988

MINISTER of Infrastructure Development Datuk Dr Wong Soon Kai when opening the annual Delegates Conference of the Malaysian Federation of Foochow Associations recently pointed out that the fatal weakness of the Chinese community was the lack of compromise and accord among the leaders which would only hamper the progress of the community. According to Datuk Dr Wong, it is common in the Chinese society to see leaders in all spheres of life like political, economy, culture and education unable to reach the same accord

and unite to strive for the benefits of the community. The Chinese community is not without any dynamic leaders but the failure of the leaders to work closely together pose the main stumbling block to the advancement of the people. One has only to look closely at the past crisis of a Chinese political party of Peninsular Malaysia. The Malaysia Chinese Association (MCA) crisis which was sparked off by the phantom issue took about 20 months to be resolved. The leaders of both Tan and Neo factions have failed to compromise and the

Chinese community have seen within that period, the expulsion of MCA members, the loss of ministerial posts in the Federal Government, court actions and the talk of MCA leaving the Barisan Nasional. The MCA crisis has taught the Chinese community a painful lesson.

Datuk Dr Wong is not the first person and will not be the last to point out the Chinese weaknesses and the need for Chinese to remain united. We have to admit that the Chinese immigrants coming to Malaysia also brought along the tradition and customs. Birds of same feather flocked together and so were the Chinese who came in groups to Malaysia. Each group started to set up their own associations or clans. However, as the people progress with new generation coming up, the Chinese community still stuck to their own association or clans. In fact, more clans and associations have been formed. Just to name a few, there are the Foochow, Heng

Hua, Hockien and Teochew associations and also the Lau, Ling and Wong clans. No doubt, each and every association and clan has to protect the interest of its group but with the existence of so many groups, conflict of interest is inevitable. It is not surprising to find elected leaders using their position as a stepping stone to gain personal glory. Remarks such as Chinese leaders interested in position and status is not something that the people have not heard of. Even Senator Tiong Hiew King who is also the chairman of the Malaysian Federation of Foochow Association has hit out at leaders of associations who placed personal interest before the overall benefits of the associations. What is of utmost important is for the Chinese leaders to be sincere in striving for the benefits of the Chinese community in particular and the people as a whole. The Chinese community must remain united and work together for the interest of all.

Train Bumi entrepreneurs, Chambers of Commerce told

PULAU PINANG, Sun — Chambers of Commerce should give a helping hand and train Bumiputera entrepreneurs so that they will not have to depend wholly on government aid. Deputy Finance Minister Datuk Wan Abu Bakar Wan Mohamed said today.

He said the government which had a role to play in ensuring economic and social balance among the various communities had to help Bumiputera entrepreneurs as they lagged behind in the two fields.

If organisations such as the Chinese Chamber of Commerce or Bumiputera traders themselves could help new Bumiputera entrepreneurs, the government could phase out its assistance for them, he said when opening an economic seminar organised by the Bukit Bendera Ummu Division, here.

Datuk Wan Abu Bakar said there were affluent and successful Bumiputera entrepreneurs who were reluctant to help other Malays who had just ventured into business, he said.

Apart from this, Bumiputeras who had just started doing business were often faced with the problem of "business monopoly" from others, he said.

The government had to come to the aid of Bumiputera entrepreneurs so that the economic and social standing of the various communities in Malaysia would be on par, he said.

He said more than 90 per cent of unemployed graduates were Bumiputeras.

This was because the government could no longer afford to absorb them while the private sector, controlled by the non-Bumiputeras, mainly absorbed the non-Bumiputeras.

Wanted — single body to help bumi traders more effectively

Post
20.11.89

KUALA LUMPUR, Sun. The government was today urged to set up a body to co-ordinate the activities of the various agencies providing assistance to Bumiputera entrepreneurs to avoid duplication of functions.

At present there were too many agencies claiming to strive to develop Malay entrepreneurs but their functions were duplicated, resulting in "competition and rivalry", a Johor delegate, Haji Bahauddin Poni, said at the Umno general assembly here.

He was speaking at the debate on the resolution on economy on the last day of the assembly at the Putra World Trade Centre.

The resolution, which was unanimously adopted, called on the assembly to resolve that:

- Malay dominance in the country should be translated into power over the country's economy;
- a comprehensive and more effective economic policy should be formulated and implemented after 1990;
- eradication of poverty and restructuring of society should be attained as the thrust of the post-1990 economic policy;
- the objective to achieve future rapid economic growth should be balanced by restructuring society to eliminate socio-economic injustices of the Bumiputera community.

The assembly, according to the resolution, on the other hand rejected the economic philosophy purely based on the approach of "nar-

row merit and unfair competition". It rejected efforts to remove the quota system implemented under the New Economic Policy previously accepted by all.

The assembly also rejected the 30 per cent limit as the final target of Bumiputera equity in the country's corporate sector.

It further opposed the government's withdrawal from the country's economic system which did not prove to be of benefit and having failed to protect the economic interest of the Bumiputera community.

Sheik Bahauddin, who is deputy head of the Federal Umno Division, said that agencies involved in assisting entrepreneurs should not be involved in business ventures because this would lead to them competing with the Bumiputera entrepreneurs.

He said that the proposed body could be known as the Malaysian Industrial Control Board with functions like the Malaysian Industrial Development Authority and should have a complete record of all entrepreneurs.

Detailed records including the name of the company, the nature of business and its share provided should be filed in computers for easy reference, he said.

He also called on Umno's representatives to the National Economic Consultative Council representing 1.3 million of its members to be more alert to the proposals of representatives of other bodies wanting to change the format of

the policy, and to act in ensuring that it was retained.

Earlier, a delegate from Pahang, Encik Abdullah Haji Sulaiman, said that Umno leaders should focus attention on the fate of fishermen and farmers who formed the biggest group and who had made significant contributions to the party's strength.

Umno should protect their future and economic well-being as a token of appreciation for their support because material poverty had caused them to be looked down upon, he said.

He also suggested that the Centralised Credit Agricultural Scheme be managed by the Farmers Organisations Authority instead of Bank Pertanian at present as various problems had been encountered in the application for assistance under the scheme.

The scheme should also provide full assistance to fishermen especially those involved in deep sea fishing, commensurate with their wholehearted support for Umno, he added.

The delegate from Pulau Pinang, Encik Zaharim Mohamad Hashim, called on the government to set up a special unit to monitor the participation of Bumiputera entrepreneurs in foreign business ventures in the country.

He said that not many Bumiputera entrepreneurs were interested in participating in such ventures although many foreign investors were flocking to the country.

Bernama

A review of the NEP

The *See Hua Daily News*, in an editorial on the review of the implementation of the NEP, says that judging from the present economic growth and distribution, the economic status of Bumiputras has been greatly raised. Unfortunately, some politicians had issued irresponsible speeches to gain support from the people.

It says that the economic cake of non-Bumiputras had been seriously eroded since the implementation of the New Economic Policy in 1970. Non-Bumiputras said the trend would aggravate the imbalances in development among races.

Those who had the knowledge of economics were aware that there was a great danger for the distribution of wealth based on race. In a country like ours, a small group of people could accumulate excessive wealth yet the majority of the people were living below the poverty line.

In order to raise the economic growth, the government should look after the interests of all the people in the country and this should not be based on race. In reality, poverty did not exist in only one race.

In view of the above, two proposals were put forward for the formulation of the new national economic policy after the expiry of the present NEP, namely (1) eradication of poverty irrespective of race and (2) free economy open for free competition. The phenomenon of robbing Peter to pay Paul should not exist.

While reviewing the implementation of the NEP, the authorities should abolish regulations unfavourable to economic development otherwise the submission of opinions by the people would be useless.

THE BORNEO POST

15 September 1989

New \$250 mil fund for Bumi traders

KUALA LUMPUR, Sun.— The government will launch a \$250 million New Entrepreneurs' Fund in January to help Bumiputeras venture into business, Finance Minister Datuk Paduka Daim Zainuddin said today.

Interest on loans from the fund would not exceed five per cent per annum, he said when replying to points raised at the Umno General Assembly here.

He said the government hoped the fund, to be known as TUB (Tabung Usahawan Baru), would produce more Bumiputera entrepreneurs who could help in the attainment of the objectives of the New Economic Policy (NEP).

Datuk Paduka Daim, who admitted he was a very stingy person, was given a round of applause by delegates and observers when he made the announcement.

The fund was set up following problems faced by Bumiputeras who wanted to enter the business field, he said.

Datuk Paduka Daim, who is Umno Treasurer, said he had discussed the matter with Prime Minister Datuk Seri Dr Mahathir Mohamad and Umno Youth head Datuk Seri Najib Tun Razak.

"We hope the fund will be able to assist

potential Bumiputera entrepreneurs," he said.

He said the fund was set up following requests made at the Umno General Assembly, similar to the setting up of the fund to help Bumiputera entrepreneurs (Tabung Pemulihan Usahawan) or TPU.

Datuk Paduka Daim said so far, there were 876 cases in which Bumiputera entrepreneurs sought assistance from the TPU.

For instance, the minister said 248 applications seeking assistance from the fund were from Kelantan. Ninety seven applicants already received assistance from the fund and other financial institutions while 58 applications were rejected due to lack of co-operation from the applicants. Seventy-five applications were still under consideration, he added.

He also said that 18 other applicants, who were contractors, would be awarded government contracts through negotiations instead of the tender system. He did not elaborate.

Datuk Paduka Daim said: "We will continue to give serious attention to the problems faced by the Bumiputeras".

'Bumis need to improve management competency if ...'

BUMIPUTERAS will not benefit fully from any extension of the National Economic Policy (NEP) after 1990 if their management competency is not improved, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said management efficiency was a crucial quality and difficult to find among Bumiputeras.

Opening the three-day Umno General Assembly at the Putra World Trade Centre here, Datuk Seri Dr Mahathir Mohamad who is Umno President said the NEP would be reviewed in 1990 as the targets set for the Bumiputera community had yet to be fully achieved.

He said weaknesses in the NEP had been identified, where the provision of opportunities, facilities, capital and manpower by the government were still insufficient for the success of businesses and industries owned by Bumiputeras, whether directly or through Bumiputera

trust agencies.

For the success of efforts to bring Bumiputeras on par in business with the non-Bumiputeras, the expertise and experience of Bumiputeras must be upgraded through various means, including through "apprenticeship" to those with the management skills.

"The objectives of the NEP will never be satisfactorily met for as long as the Bumiputeras are not given assistance in management expertise to enable them to compete with others."

Datuk Seri Dr Mahathir said Bumiputeras on their part could not wait around for this to happen but work to rectify their mistakes and weaknesses.

He said the government encouraged joint-ventures between Bumiputeras and non-Bumiputeras provided the former played a meaningful management role in the partnership.

Although there were wholly-owned Bumiputera companies, their number was small and they were probably unable by themselves to secure the 30 percent Bumiputera share in the corporate sector as laid down by the NEP.

The Prime Minister told the assembly, attended by some 4,000 delegates and observers, that awarding a project to a wholly-owned Bumiputera company just because it was such when the company in fact did not have the capability to manage the project, was doing a grave disservice to the objective to help Bumiputeras.

The increasing number of Bumiputeras sought by the banks or declared bankrupt was due to their own attempt to take on more than they could handle, their lack of management competency and their inability to surmount the economic recession.

In view of this, the government would study their capabilities thoroughly before awarding any contracts to them.

"We do not have the intention of making Malay businessmen and entrepreneurs bankrupt so they will become dependent on us. We want to make them competent, self-reliant and able to compete successfully with others."

On developing Malaysia into a Newly Industrialised Country (NIC), Datuk Seri Dr Mahathir said this aspiration was not impossible to attain because many developed nations had at one time started as backward agricultural societies.

They became developed today because they embarked on industrialisation wholeheartedly.

He said although the agricultural sector was an important component of the economy, it might not have the capacity to generate jobs for the thousands of school-leavers and graduates annually.

He said it was not difficult to market high quality goods or services at high and more profitable prices. On the other hand, offering cheap prices for low quality products would not necessarily guarantee good sales in today's modern market.

THE BORNEO POST
15 September 1989



**The Peoples
Mirror**

Wednesday, July 5, 1989

New vitality for Bumi entrepreneurs

IT is a fact that many bumiputera entrepreneurs in Sarawak are still lacking in business expertise. The state government's recent \$5 million pledge to the Sarawak Chamber of Bumiputra Entrepreneurs (DUBS) should therefore be viewed as a practical way of helping bumiputra businessmen achieve success.

The fund will be used for viable investments and to generate income for the chamber. Profits will be used to provide services to members such as giving advice and training.

There is a reasonable optimism that the milestone action of the state government will provide the necessary stimulation

for the chamber to achieve its objective of helping members stand on their own feet in the competitive commercial world. The optimism was further boosted by the fact that the chamber is led by several professionals who are successful in managing large corporation.

A three-year target has been

set to bring out the best from chamber members and turn them into good performers.

New business areas will be developed, apart from the traditional contract works and supplies.

Opportunities for bumiputera entrepreneurs are always there, especially under the government's policy of encouraging

and assisting them in the commercial and industrial fields. Some have tried but failed because of lack of experience and the necessary capital.

With such solid backing from the state government now and guided by experienced hands, DUBS is well poised to lead its members to face new challenges and achieve success.

Govt urged to set up task force to look in NEP achievements

25.11.89

A GOVERNMENT backbencher, Awang Tengah bin Awang Ali Hassan, (BN-Lawas) has suggested that the State Government set up a special task force to study the implementation and performances of the New Economic Policy (NEP) in Sarawak.

Awang Tengah said the task force should collect data and information and the overall performances of the NEP in all aspects.

The task force should also study the involvement of Bumiputras in business and industry with the aim of determining whether the Bumiputras, who have been given the business licences or contracts, are really making efforts to do their business, he said.

He also suggested the task force formulate strategies with the aim of involving more Bumiputras in economic field and for consideration by the

State and Federal governments.

Awang Tengah said from the data he has, the aims or targets of the NEP will not be achieved when its deadline of 1990 is up.

He said the Bumiputra's equity in the corporate sector was supposed to be 30 percent under the NEP by 1990, but in 1986, the percentage was only 18 percent.

He believed that in Sarawak, NEP's performances would not be more than 22 percent by 1990 as predicted for the whole of Malaysia.

Awang Tengah regretted that many large contracts, in Sarawak, are still being controlled by non-Bumiputras or foreigners.

However, he said small contracts of Classes D and E are being awarded to Bumiputras.